



FISCAL YEAR 2004: ANNUAL REPORT



Office of Management, Budget, and Evaluation

November 2004

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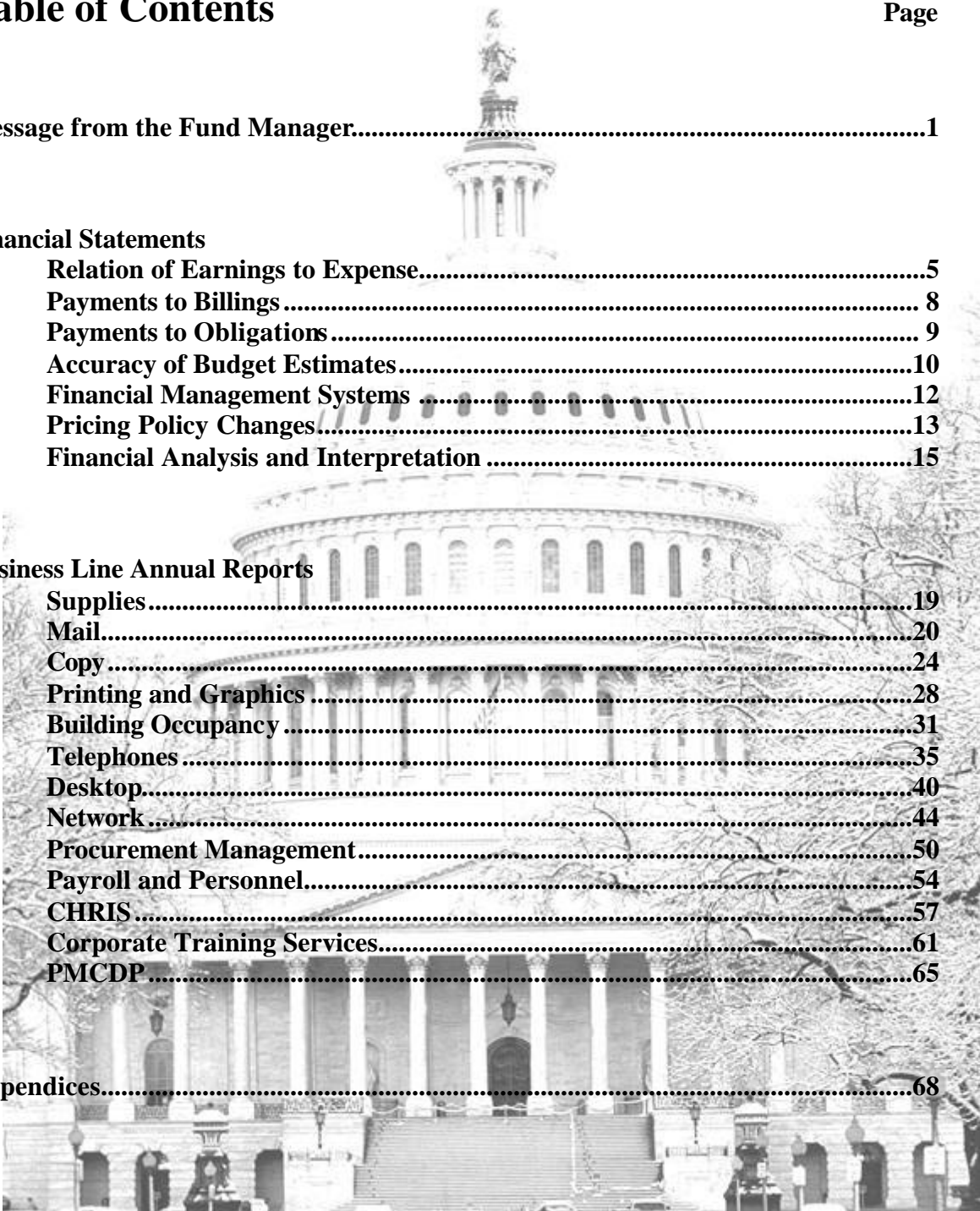
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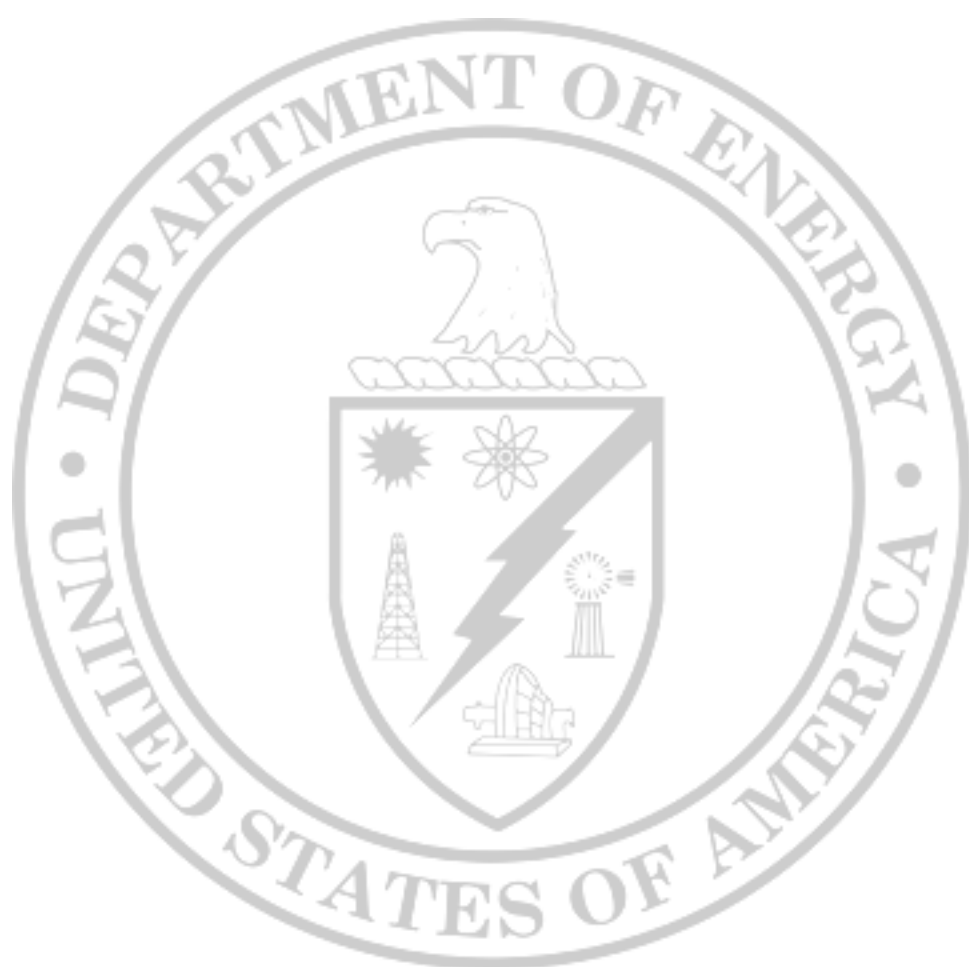
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Message from the Fund Manager

FY 2004 was the eighth full year of Working Capital Fund operations, and the Fund businesses continued to provide the Department of Energy and its program organizations with consistent excellence in common administrative services and products. This success is due to efforts of many persons to achieve the Fund goals of efficiency, full cost allocation and flexibility.

The employees of the Fund businesses are proud of their work, and their professionalism shows in the products and services that they deliver. Many of the Fund services are substantially invisible to customers – unless there are service failures. That is, DOE organizations and employees expect comfortable and efficient working space, functioning telephones and network connections, a timely and accurate paycheck, and the like. During FY 2004, we repeated the Working Capital Fund “Expo” that was first held in FY 2003, to inform customers in the Germantown and Forrestal facilities about the many products and services delivered through the Fund. Bob Cooper from the Office of Administration provided great leadership for this initiative, showcasing how Fund businesses can help customers “Work Smarter” for improved DOE management.

The success of the Fund is illustrated by an estimated \$148 million (FY 2000 dollars) cost savings to the Department in eight years¹. This success is further evidenced in the innovations that have provided digitization services, online learning, employee self service, payroll outsourcing, mail security, DOEnet, purchase card surveillance, emergency power, flexible savings accounts, and building upgrades.

Financial Condition

The financial condition of the Fund is sound. Over the eight years of Fund operation, earnings (\$ 691 million) have exceeded expenses by \$3.8 million -- a narrow margin slightly more than one half of one percent. Although businesses experience fluctuations in net earning performance on an annual basis, all of our businesses are solvent and exhibit break even operating performance on a cumulative basis.

Notwithstanding some uncertainty due to the delays in enacting final FY 2005 appropriations, we believe that, under current pricing policies, the Fund and its businesses will be able, , to continue normal business operations in FY 2005 and complete the building improvement projects and other initiatives approved by the Board.

Business Performance

The progress of the Fund businesses is reflected in their separate reports, included in this document. Highlights for FY 2004 include:

- The Fund stood up four new businesses or major segments, including the PMCDP, the Professional Skills segment of Corporate Training Services, the cell phones segment of the Telephone business, and the Purchase Card Surveillance segment of

¹ .This is based on a comparison of average annual Fund billings to the costs of comparable businesses prior to Fund creation.

the Procurement Management business. Due in part to delays associated with the Continuing Resolution, some of these activities experienced schedule delays, but all have been operated within WCF guidelines and practices.

- The Copying business line has been able to negotiate new service agreements that reduce costs and will enable the business to breakeven again in FY 2005. The WCF investment in Document Imaging has now been paid back.
- The Mail business line hosted a government-wide symposium at DOE.
- Printing and Graphics installed a new user-friendly Job Tracking System.
- Building Occupancy completed improvement projects in Forrestal (including elevator lobbies, dining facilities, and restrooms) and Germantown (including the cafeteria). The downtrend in accidents and injuries continued.
- The Telephone business line achieved 99.8% reliability while making a wide range of technical improvements.
- The Network business line exceeded or greatly exceeded all availability objectives.
- The Procurement Management business line reduced over-aged instruments by 33%, compared to a reduction target of 10%.
- Through the Payroll business line, DOE was the first cabinet agency to migrate payroll functions as part of the e-Government initiative, and sustained 100% on-time delivery of paychecks.
- The CHRIS business line made a wide range of improvements in Employee Self Service (ESS) capabilities, and automated support was used for 77% of all DOE recruitment actions.
- The Corporate Training Services business line successfully transitioned to a new training contractor and is migrating to Go-Learn for our on-line learning functions.

In addition, the Fund Manager staff extended the “streak” of on-time monthly bills for another year.

Governance and Management

The successes of the individual businesses as summarized above are not accidental; they derive from the hard work of business line managers and employees in partnership with customer organizations, Board members, and the Fund staff. The Fund is a “network” style organization that depends of the free flow of information (and money) between participants, and sustaining this cooperation and trust is critical to future Fund success.

As we described in our report last year, the Fund is unique among DOE administrative structures:

- The Fund used market-like business practices to engage business line suppliers and program customers in efficient and flexible interactions.

- The 13 FY 2005 Fund businesses report variously to the Chief Information Officer (CIO) and to five different organizations within the Office of Management, Budget and Evaluation/Chief Financial Officer (OMBE).
- The customer-majority Board appointed by the Deputy Secretary approves business pricing policies, budgets and capital investment plans. The Board ensures customer input to business decisions and, through the Dispute Resolution Council, hears and acts on appeals by customers. Beyond these formal duties, the Board is a forum for the exchange of ideas and best practices between the various communities that make up the Working Capital Fund
- The Fund Manager function in OMBE provides centralized billing services and oversight of the businesses, including budget development, financial review and reporting; quarterly business reviews; maintenance of system documentation; and administration of the WCF home page. The current Fund Manager chairs the Board and is responsible for providing timely and relevant information to all Board members and other customers.

While the Working Capital Fund supplements, rather than replaces, traditional hierarchical administrative structures, we cannot ignore the types of concerns of other organizations, including succession planning, employee development, knowledge management, systems modernization, and related measures to improve the efficiency of operations.

During FY 2004, we undertook a series of initiatives to strengthen Fund management, including (a) further improvements in the three-dimensional monthly billing process; (b) a full cycle of updates for the formal system of procedures and manuals; and (c) employee training in the Balanced Scorecard framework for performance management. In addition, a new WCF Home Page was designed, to give customers and business line staffs ready access to information.

Looking Ahead

During FY 2005, we need to address several new challenges and build on the successes of prior years. The following are some key areas of emphasis:

Pricing Policy Reviews: Current pricing policies will suffice to maintain current operations in FY 2005, but there are several areas where the Board needs information and options regarding future pricing policy options, including for Network upgrades, PMCDP, and corporate training services.

Review of Procedures: OMBE managers are being asked to review all procedures in FY 2005, to identify areas of possible improvement, and the Fund Manager will be performing this review for WCF procedures. One area where Board advice will be sought is whether some or all of the WCF financial procedures adopted by the Board in the “Blue Book” should be codified in the DOE Directives System. New procedures will also need to conform to the accounting features of the STARS system.

New Business: The Department is proposing a new STARS business line in FY 2006, and this activity will need to be incorporated into Fund business practices.

Board Membership: During FY 2005, the Board should consider recommending new or renewed membership to the Deputy Secretary.

New Customers: We will continue the practice of offering WCF briefings to new senior leaders of customer organizations, and would invite the Board to assist in arranging these briefings. We will need to ensure that the new customers have effective access to the information they need to participate in the Fund.

As Fund Manager, I have benefited greatly from the fine work of the ME-15 staff, Bob Emond, Roscoe Harris, and, from the Jupiter Corporation, Michael Slie. Kathy Schanck provided very competent and timely accounting support, and she was a valuable member of the Fund management team. I also appreciate the cooperation we have received from business line officials, from customers, and from the Board. We look forward to working with you in FY 2005.



Howard G. Borgstrom
Fund Manager (ME-15)

Financial Statements of the Working Capital Fund

Relation of Earnings to Expenses

The Fund earned \$1.3 million in excess of expenses during FY 2004. This results in cumulative net earnings of \$3.8 million since FY 1997 or approximately 0.5% of earnings over the eight year period. As Table I illustrates, financial performance varied substantially among businesses, but the overall result for the first eight years has been substantially a breakeven situation, in line with Congressional and Departmental policies.

Customer billings in FY 2004 increased by \$9.1 million from FY 2003; this was due largely to increases in Payroll (resume full billing - \$0.7 million), Supplies (\$0.4 million), Building Occupancy (GSA rent - \$4.0 million), Phones (cell phones and blackberries - \$1.4 million), and Project Management Career Development Program (new program - \$2.5 million).

Table I: FY 2004 Year End Business Results
(dollars in millions)

	Earnings	Expenses	Net Earnings FY 2004	Net Earnings FY 97 - 04
Supply	\$ 2.8	\$ 2.8	\$ 0.0	\$ -1.1
Mail	2.4	2.2	0.2	0.3
Copying	2.2	2.4	-0.2	-0.2
Printing & Graphics	3.1	2.9	0.2	0.7
Bldg Occupancy	62.9	64.2	-1.3	7.1
Phones	8.2	7.6	0.6	-7.8
Desktop	0.9	1.0	-0.1	-0.4
Network	5.9	5.6	0.3	1.4
Procurement Mgt	1.0	0.8	0.2	0.7
Payroll Services	2.1	2.2	-0.1	1.3
CHRIS	2.2	1.9	0.3	0.4
Corp Training Srvs	0.5	0.5	0.0	0.2
PMCDP	2.5	1.3	1.2	1.2
Total	\$ 96.7	\$ 95.4	\$ 1.3	\$ 3.8

The cumulative net performance of the Building Occupancy and the Telephone businesses appear to offset each other; however, these are unique transactions that deserve further explanation. The net income in building does not represent a pure "profit", since \$3.0 million in net earnings are committed to unfinished construction projects and cannot be redirected to other uses or refunded to customers. The Telephone Business Line was charged \$9.3 million depreciation expense for the

write-down in FY 2002 of the value of physical assets that were transferred into the Fund at its inception in FY 1997. The reported cumulative loss of \$7.8 million is a “book loss” caused by the accounting recognition of depreciation expenses without corresponding revenues to offset such costs. The write-off makes the asset life consistent with GSA guidance, and this has no adverse implications for the underlying, long-term financial stability and viability of the business.

Key factors explaining earnings/expense variations of over \$50,000 follows:

The **Mail** business line earned a \$0.2 million net operating profit in FY 2004, due largely to the business’s ability to reduce infrastructure costs and to deferred implementation of government-wide solutions to mail security challenges.

The **Copy** business line earned \$0.2 million less than expenses, in part because the business volume has declined at the staffed copy centers. The copier lease at these sites was very costly in the context of reduced usage; however, these copiers have now been replaced and we expect improved results in FY 2005.

The **Printing and Graphics** business line earned \$0.2 million net operating profit due to savings in business overhead costs.

The **Building Occupancy** business line earned \$1.3 million less than expenses. This is due largely to the completion of project work financed from earnings in prior years. This is a trend we expect to continue as projects are completed in future years. Most of the \$7.1 million cumulative net earnings in this business are being used to forward finance utility and maintenance contracts (\$4.1 M). The balance of the net earnings are committed to construction projects (\$3.0 M) and cannot be redirected to other uses or refunded to customers.

The **Telephone** business line earned \$0.6 million net operating profit resulting from a one time prior year cost adjustment by a vendor.

The **Desktop** business line earned \$30,743.19 less than expenses, due to costs being improperly assigned to virus tasks that will be credited in FY 2005. Otherwise this business would break even for FY 2004.

The **Network** business line earned \$0.3 million net operating profit. This is due to cost reductions related to DOEnet and a prior year adjustment.

The **Procurement Management** business line earned \$0.2 million net operating profit. These profits are consistent with past years and result from productivity improvements. Because the business did not use the Navy system for auditing

purposes the fund manager deferred \$250,000 in billings for purchase card surveillance.

The **Payroll** business line earned \$0.1 million less than expenses. The fund manager deferred billing for FSA charges last year due to charges being presented late in the execution year and the ability of the business to absorb the cost.

The **CHRIS** business line earned \$0.2 million net operating profit. The business deferred some equipment spending to FY 2005.

The **PMCDP** business line earned \$1.2 million net operating profit that result from the effects of the continuing resolution and delays in setting criteria for the various levels of certification for project managers.

Relation of Customer Payments to Anticipated Customer Billings

By the end of FY 2004 all customers had made advances equal to or greater than actual billings. The surplus advances are available to customers for FY 2005 billings. In the beginning of FY 2004, a similar carryover amount financed the first eight weeks of operations in the absence of appropriations.

Table II. Comparison of Advances to Billings
(dollars in millions)

	Advances	Billings	% Collected
Supplies	\$3.30	\$2.8	119%
Mail	3.7	2.4	154%
Copying	3.2	2.2	143%
Printing & Graphics	3.9	3.1	128%
Bldg Occupancy	66.0	62.8	105%
Phones	12.5	8.2	152%
Desktop	1.2	0.9	127%
Network	7.6	5.9	128%
Contract Closeout	1.6	1.0	155%
Payroll Services	4.6	2.1	219%
CHRIS	2.5	2.2	115%
OLC	1.3	0.5	280%
PMCDP	3.4	2.5	136%
Indirect	0.2	0.2	100%
Total	\$115.0	\$96.8	119%

Relation of Payments to Obligations by Business Line

There was no reportable administrative control of funds violation by Working Capital Fund business lines.

At the end of FY 2003 the fund recorded \$17.0 million in excess of obligations. For FY 2004 we received a further \$97.9 million in customer advances for a cumulative availability of \$114.9 million, as shown in Table II. In addition there were \$4.5 million of customer advances not allotted to the businesses.

Overall, the fund is carrying \$20.3 million in unobligated balances into FY 2005. It should be noted that these balances are not unencumbered assets, in the sense that there are offsetting service delivery liabilities (\$16.2 million) associated with customer advances.

Balances set forth by the business lines below exclude \$0.2 million available to the Fund Manager for training and contractual services, as contributed by ME.

Table III: FY 2004 Annual Business Results: Federal Agency Basis
(dollars in millions)

	Unobligated Balance 10/03	Current Year Customer Advances	Total Allotted to Businesses	Obligations	Unobligated Balances 9/04
Supplies	\$0.3	\$3.0	\$3.3	\$1.7	\$1.6
Mail	0.8	2.9	3.7	2.4	1.3
Copying	0.6	2.6	3.2	2.7	0.5
Printing & Graphics	0.7	3.2	3.9	3.2	0.7
Bldg Occupancy	7.8	58.2	66.0	63.3	2.7
Phones	2.5	10.0	12.5	9.6	2.9
Desktop	0.4	0.8	1.2	1.0	0.2
Network	0.9	6.7	7.6	6.6	1.0
Contract Closeout	0.3	1.3	1.6	1.2	0.4
Payroll Services	2.5	2.1	4.6	2.4	2.2
CHRIS	0.1	2.4	2.5	2.4	0.1
OLC	0.1	1.3	1.4	0.9	0.5
PMCDP	0	3.4	3.4	2.2	1.2
Total	\$17.0	\$97.9	\$114.9	\$99.6	\$15.3

Changes in Budget Estimates

The actual billing to customers for FY 2004 was closely aligned with prior estimates, as shown in Table IV.a. The \$4.0 million increase from the December 2003 estimate for FY 2004 to the final billing was the result of adding new business segments to the Telephone business line (\$1.7 million) and responding to Congressional report language that added the Project Managers Career Development Program (\$2.5 million), offset by reduced copy requirements (-\$0.3 million).

Table IV.a. FY 2004 Budget Estimates for WCF Businesses		
Date	Process	FY 2004 Billing Estimate (\$Millions)
May 2002	FY 2004 Corporate Review	\$93.7
December 2002	FY 2004 Congressional Budget	\$94.3
May 2003	FY 2005 Corporate Review	\$92.7
December 2003	FY 2005 Congressional Budget	\$96.7
October, 2004	FY 2004 Final WCF Bill	\$96.8

Changes in Budget Estimates by Customer

The Fund staff provides guidance to program customers at various stages in the budget process. While recognizing that customer organizations can make decisions to increase or decrease their use of services, we seek to provide reliable forecasts of spending patterns. Table IV.b. analyzes the absolute dollar and percentage variation by customer between the estimates associated with the FY 2004 column of the FY 2005 Request to Congress and the actual FY 2004 customer billings. The aggregate absolute value of changes was \$3 million, or about 3%.

Eleven program customers experienced differences of 10% or more this year. This was due largely to reductions in discretionary spending (Secretary of Energy Advisory Board, Board of Contract Appeals, Bonneville PMA, Congressional and Intergovernmental Affairs, Energy Assurance, Economic Impact and Diversity, Environment, Safety and Health, and Public Affairs). Three programs required additional space and building alterations to support changing missions.

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Table IV.b: FY 2004 Budget Estimate Accuracy by Customer
(dollars in thousands)

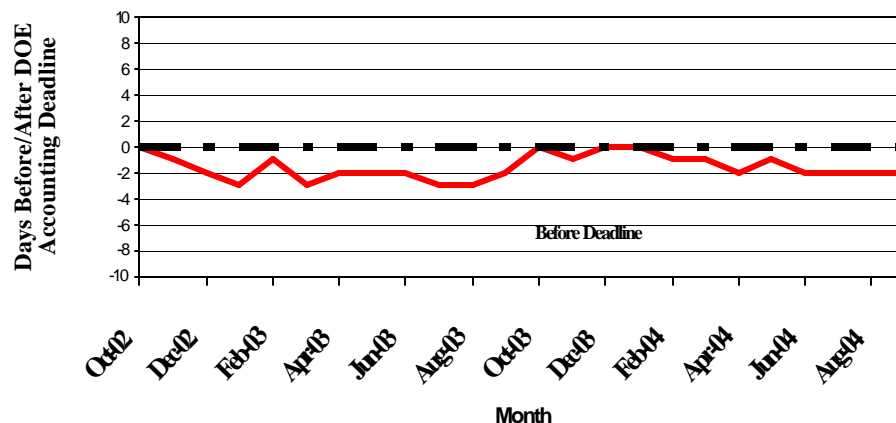
Customer Org	FY2005 Cong Request	Final FY2004 Charge	Absolute Change	Absolute Change %
Secretary of Energy Advisory Bd	\$ 228	\$ 197	\$ 31	14%
Board of Contract Appeals	244	106	138	56%
Bonneville Power Administration	198	153	45	22%
Cong. & Intergov'l Affairs	698	619	78	11%
Counterintelligence	1,093	1,086	7	1%
Departmental Representative to the DNFSB	123	118	5	4%
Energy Assurance	417	372	45	11%
Economic Impact and Diversity	753	665	88	12%
Energy Efficiency	6,111	6,031	81	1%
Environment, Safety, and Health	4,545	4,071	475	10%
Energy Information Admin	7,191	7,316	125	2%
Environmental Management	7,478	7,639	161	2%
Fossil Energy	3,794	3,616	178	5%
General Counsel	2,678	2,675	3	0%
Hearings and Appeals	888	814	74	8%
Inspector General	1,500	1,481	19	1%
Chief Information Officer	4,677	4,611	65	1%
Intelligence	2,093	2,761	668	32%
Legacy Management	398	471	73	18%
Management and Administration	15,039	15,235	196	1%
National Nuclear Security Admin:	16,511	16,640	129	1%
Nuclear Energy	2,237	2,226	11	0%
Naval Reactors	171	170	1	1%
Oversight & Perf. Assurance	615	706	91	15%
Public Affairs	1,018	909	109	11%
Policy and International Affairs	1,669	1,672	4	0%
Civilian Radioactive Waste Mgmt	1,483	1,516	33	2%
Office of the Secretary	926	854	72	8%
Science	4,838	4,916	77	2%
Security & Emergency Operations	5,830	5,859	29	0%
Office of Electric Transmission & Distribution	321	312	8	3%
WAPA/SWPA/SEPA	975	954	21	2%
Field Office (OLC)	10	2	8	81%
Total	\$ 96,749	\$ 96,774	\$ 3,146	3%

Financial Management Systems

On September 24, 1999, the Inspector General conducted its most recent periodic audit of the Working Capital Fund, concluding, “The Fund was operated in compliance with the required administrative controls, used performance measures appropriately, and implemented actions to correct problems identified in the prior period where feasible.” The audit did not make any recommendations.

The WCF billing system continued to successfully produce timely and accurate monthly bills. The chart below indicates the billing performance related to transferring customer-billing information to DISCAS by the third working day of the month (down from fifth working day last year). This allows the Fund staff, with the cooperation of CFO officials, to have the billings entered into DISCAS each month before the accounts are closed. A minus two (-2) indicates that billing was forwarded two days before the deadline. This standard provides customers with costs reported in DISCAS in the same month they occur. The time between the end of the month and the issuance of the bill is extremely consistent. Process improvements that would result in timesaving are no longer meaningful.

WCF Billing Performance



The Fund Manager recently completed upgrading the billing system to automate and enhance customer reporting. It is our assessment that the system is stable and has the flexibility to accept changes as needed. We intend to solicit ideas from our customer and business working groups for the next generation of enhancements. A complete description of the billing system may be found on our web site at <http://www.wcf.doe.gov/>, under “Guide to Services,” and then “Monthly Billing Process.”

The Fund Manager analyzed Working Capital Fund capital requirements in order to determine the liability related to funding their replacement. The capital plan highlighted requirements for telephone switches and software and hardware requirements of Payroll and CHRIS businesses. Our capital requirements may decline in the future as technology improvements decrease computing and communication infrastructure costs. We expect current earnings should be adequate to finance current capital requirements, except in the Network business.

Pricing Policy Changes for FY 2005

Under current procedures, the Fund Manager is authorized to reduce prices to avoid accumulation of excess retained earnings, but increased in prices need to be addressed by the Board. In the judgment of the Fund staff, the businesses can operate at current levels in FY 2005 at current prices. However, there are several emerging issues that will be discussed with the Board at its November meeting, as follows:

Network Upgrades: The Board will receive a status report on the work of the Technical Advisory Committee for the IT businesses. Simply put, the Headquarters network will need to be upgraded. In prior years, upgrades were financed outside the Fund, but no such financing source has been identified for future upgrades. Absent a substantial capital contribution through the CIO budget, the Board will need to consider some or all of the following:

- Use of accumulated cash balances that were intended for Telephone system upgrades by deferring such upgrades in anticipation of using the Network for telephone service;
- Operating cost savings from merger of the Telephone and Network infrastructures;
- Increase infrastructure rates on Telephone and/or Network connections;
- Redirection of some or all of the \$3 million in annual building infrastructure improvements, starting in FY 2007, to support Network upgrades; and/or
- Temporary “loans”, or outright retained earnings transfers, from other WCF business lines into the Network/Telephone enterprise.

Corporate Training Services: In FY 2004, program offices were asked to contribute outside the Fund to a variety of “e-Gov” initiatives, including distance learning. We now believe that some of those contributions may be used to defray the costs of Go-Learn subscriptions, previously financed through the On-Line Learning Center (OLC) segment of Corporate Training Services. If this effort is successful, it is our plan to allow organizations to continue their FY 2004 subscription levels into FY 2005 at no charge. We will, however, continue to collect the overhead charges for FY 2005 based on FY 2004 subscription levels, and we will also charge organizations for additional (over 2004) subscriptions. Overall, this measure would reduce billings in FY 2005 by an estimated \$200,000.

A second training business segment involves fee-for-serve professional skills courses delivered through the Office of Human Capital Management (ME-50). Charging for such classes started in FY 2003 and was rolled into the Fund in FY 2004. ME-50 management has observed the need to rationalize these charges to reflect differences between the \$100/day flat rate charge and the actual costs to vendors. The Fund Manager will propose a Working Group to develop options for a revised pricing policy.

Mail Services: In FY 2004, the Mail business line earned more than it spent. However, for FY 2005, a number of organizations have sought to reduce the number of mail stops. Rather than seek higher unit charges for mail stops to reflect reduced demand, the Fund Manager proposes, for FY 2005 only, to retain the unit charge for each mail stop at \$11,880, allowing revenues to decrease. Before FY 2006, the Fund Manager will report to the Board on whether this practice can continue.

Flexible Savings Account (FSA) Administrative Costs: As discussed above, the Fund Manager did not bill program customers for FSA administrative costs in FY 2004 because of accumulated net earnings from prior years. However, we will resume such billing in FY 2005. The FY 2005 billings will be estimated initially at FY 2004 actual levels.

PMCDP: Current Plans call for collecting \$1 million in FY 2005, half based on the project inventory and half based on the set of project directors being trained. However, implementation lags in FY 2004 have provided a cash balance going into FY 2005, and there has been interest by some programs in group training that extends well beyond the immediate project inventory requirements. The Fund Manager will therefore propose three measures for the Board:

- Deferring collection of the \$1 million in FY 2005 charges until later in FY 2005;
- Authorizing the business to create a more fee-based segment using negotiated agreements with programs for group course delivery; and
- Reviewing the new project inventory/project director data with programs before levying charges.

Financial Analysis and Interpretation

The previous sections address the key financial questions that the Board asked the Fund Manager to address in the December 1998 procedures. Specifically, Section V.A.(3) (a) identified the following matters to be addressed in each quarterly report, to include the annual report:

- i. Relation of earnings (billings) to expenses (accrued costs) by business line;
- ii. Relation of payments (advances) by customer to current and anticipated annualized billings under current pricing policies, with a discussion of material balances or deficiencies;
- iii. Relation of payments (advances) to obligations by business line;
- iv. Changes in budget estimates, by business line and customer, from previously published estimates;
- v. Anticipated need to change billing of WCF costs or to make substantial changes in operating levels.”

This list of key topics from the 1998 procedures forms the basis for the tables in the previous sections, linked primarily to matters addressed either in a business income statement or in governmental administrative-control-of-funds.

In addition to these variables, the Fund staff evaluates performance in several ways. First, we maintain a historical analysis that compares the customer billings since creation of the Fund for FY 1997 to the costs for the equivalent administrative services during the four years prior to creation of the Fund (FY 1993-96). This analysis is contained in a report on the WCF Home Page. The most recent analysis concludes as follows:

“Summary of Results: During the eight years of the Fund, the average annual costs of continuing businesses decreased by \$8.7 million per year or over 10% in current (as spent) dollars. When inflation is taken into consideration, the savings from the Fund are estimated to be \$18.5 million/year or approximately \$148 million over the life of the Fund in constant FY 2000 dollars. While there are many qualifiers on this analysis, the evidence remains strong that the Department has achieved substantial net economic benefits from the market-like approach of the Fund to the provision of common administration services to Headquarters. “

Fund management also reviews and analyzes the balance sheet for Fund as reported to the Treasury, and the following section addresses key balance sheet variables that bear on the health of the Fund businesses.

A second method for evaluating Fund performance involves analysis of the WCF business line costs that are not new included in the Fund billing structure. A July 2004 analysis identifies \$13.4 million in such, indirect costs, representing a 14% subsidy of Fund businesses by the Office of Management, Budget, and Evaluation/CFO and the Chief Information Officer [see www.wcf.doe.gov].

Balance Sheet Variables

Information in the financial balance sheet should be considered by the Board in interpreting the financial condition of the Fund. Table V provides the WCF balance sheets for the past two fiscal years, accompanied by a discussion of some of the major developments. The appendix at the end of this report includes a display of balances for all eight years highlighting some interesting trends and a detailed report of balances provided by the Financial Reporting and Analysis Division of the Energy Finance and Accounting Service Center.

Total Assets

Although the original legislation for the Fund authorized appropriations to support operations, no such explicit “cash corpus” has ever been appropriated. Rather, the assets of the Fund consisted of equipment and inventories of Fund businesses, unexpended balances of obligations on contracts, and transfers of contributed capital into the Fund from the parent organizations of the specific businesses. As Fund operations commenced, two further types of assets were added: the cash advance payments of customers and the net profits of Fund operation.

During FY 2004, Total Assets of the Fund increased by \$4.3 million. Cash assets increased by \$4.6 million due in part to increased customer advances (\$1.0 M), an increase to accounts payable (\$1.0 M), contributed capital in the form of uncosted balances (\$1.3 M) and cash generated from business operating profits (\$1.3 M) offset by reduced physical assets (-\$0.3 M). Capital equipment values are declining as allowances for depreciation exceed new capital purchases. Some of this may reflect technology improvements that decrease infrastructure costs; also, some software and equipment replacement costs are either below the revised threshold for capitalization or far less expensive to acquire.

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Table V. WCF Balance Sheet FY 2004/FY 2003 (\$ in Thousands)

	As of September 30, 2004	As of September 30, 2003
ASSETS:		
Fund Balance with Treasury	\$ 54,774	\$ 50,179
Accounts Receivable, Net	2	0
Advances and Prepayments	222	200
Supplies Inventory	274	217
Original Purchase Price	21,150	21,009
LESS: Accum Depreciation	20,456	19,942
Property and Equip, Net	694	1,066
TOTAL ASSETS:	\$ 55,966	\$ 51,662
LIABILITIES:		
Accounts Payable	\$ 14,202	\$ 13,246
Unearned Customer Advances	16,195	15,223
Contract Holdbacks	127	133
TOTAL LIABILITIES:	30,524	28,602
NET POSITION:		
Invested Capital	19,613	18,545
Cum Results of Operations	5,829	4,515
TOTAL NET POSITION:	25,442	23,060
TOTAL LIABILITIES AND NET POSITION:	\$ 55,966	\$ 51,662

Liabilities

Liabilities consist primarily of two factors. Accounts Payable represent the value of goods and services already consumed by the Fund businesses but for which vendor invoices have not yet been paid. In budget terms, these amounts have been “costed” and are therefore not available for alternative use. The level of Accounts Payable has remained relatively stable since the Fund was created. The second major element is termed “Unearned Customer Advances.” These amounts have been obligated and paid **into** the Fund from program customer appropriations but have not been “earned” by the businesses pursuant to Board pricing policies. Consequently, the Fund either needs to perform the services to those customers or return the funds. Such Unearned Customer Advances increased by \$1.0 million in order to finance security enhancements begun in FY 2004. These advances permit the businesses to make obligations and continue operations early in the subsequent fiscal year, and they are especially important during periods of a continuing resolution.

Net Position

Net Position is the difference between Total Assets and Liabilities, and represents a measure of the Department's equity in the Fund. When the Fund was created, this net position was reflected primarily in the value of equipment and inventories. Two major components at that time were the value of the Telephone switch, which was being depreciated on a 30-year life, and the value of the Supplies inventory. However, with the sale of the Supplies inventory to PAPERCLIPS and the write-off in FY 2002 of the Telephone assets, the level and composition of the Net Position have changed. Specifically, the level declined by nearly \$6 million in FY 2002 by the amount of the Telephone asset write-off, offset by the operating profit of other businesses, and the composition shifted such that \$24.2 million of the Net Position is reflected as cash, rather than as equipment or inventory.

The derivation of this cash component of Net Position can be summarized as follows:

- Net Earnings of \$3.8 million for the first 8 years of the Fund;
- Recording of \$16.1 million in depreciation over the life of the Fund, a non-cash charge that is offset by \$0.7 million in capitalized costs of equipment; and
- Contributed Capital of \$5.0 million, including \$2 million from the CFO for the Payroll business, \$0.3 million from the CIO to support the Desktop business, and the remainder in the form of contract balances transferred in from the former Management and Administration organization.

At the end of FY 2004, this cash balance is reflected in the Department's accounts as \$20.9 million in uncosted obligations on contracts and \$3.3 million in unobligated balances. In terms of business lines, \$9.4 million is associated with the Building Occupancy business (\$3 million on unfinished improvement projects and \$6.4 million on operating contracts); another \$3.4 million is remaining for Payroll operations at DFAS; and \$4.6 million is earmarked for capital projects to update the Telephone and Network infrastructure. The remaining \$6.8 million is split between the nine other Fund businesses.



Supply Business Line FY 2004 Annual Report

Financial Summary

	FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Earnings FY 2004 <i>(millions)</i>	Net Earnings FY 1997-2004 <i>(millions)</i>
PAPERCLIPS	\$2.8	\$2.8	\$0	\$0 ¹

Background

PAPERCLIPS operates two main stores, which carry a wide variety of consumable office products. The supply business also obtains non-stocked items for customers. Our customers are employees of the Department's program offices. The offices are then billed for employee purchases.

Defining Success

This business supports the DOE Headquarters programs by providing, from a convenient location, basic office supplies necessary for employee desktop productivity. A market basket analysis of 10 common purchase items in August 2004 indicated that Paperclips supplies cost the Department 7.9% less than the competition. Because of the contractual nature of DOE's relationship with the service provider the measures of success are customer demand and customer satisfaction. Customer demand is measured by continuing purchases. Customer satisfaction can be measured by surveys. We are deciding whether to survey customers in FY 2005.

Financial Overview

PAPERCLIPS financial performance should always break-even, since billings to customers equal costs to the DOE. Performance for FY 2004 was breakeven.¹

Business Line Official

James A. Hoffman

202-586-6492

¹ Financial results for PAPERCLIPS reflect only the performance since this organization took over the stores in FY 2001. The predecessor organization's cumulative net losses of \$1.1 million are excluded.



Mail Services Business Line

FY 2004 Annual Report

Financial Summary

FY 2003 Earnings <i>(Millions)</i>	FY 2003 Expenses <i>(Millions)</i>	Net Earnings FY 2003 <i>(Millions)</i>	Net Earnings FY 1997-2003 <i>(Millions)</i>
\$2.4	\$2.2	\$0.2	\$0.3

FY 2004 Achievements

- The DOE Mail Management Team hosted the General Services Administration (GSA) Quarterly Mail Symposium in the DOE Auditorium. More than 100 attendees attended the symposium and it was indicated that it was one of the best and most informative symposium the GSA Interagency Mail Policy Council provided.
- The Mail Service Management team was tasked per directives requirements to update the DOE Mail Manual to reflect the current policies processes, regulations security enhancements and reporting requirements. The manual was reviewed and it was decided to change the manual to a guide. The manual was converted into a user friendly DOE Mail Services Guide.
- The mail center security program has enhanced mail operations safety and security awareness. The program is successful to the extent that DOE HQ has not had any biological or chemical pathogens or contaminants penetrate the DOE mail stream.
- Upgraded and automated the accountable mail process system for processing, tracking, and sending control mail in the Mail Center control room.
- Mail Center team members attended the National Postal Forum, where they completed all mail operations specified training requirements to receive the U.S. Postal Service Mail Operations Certification: Mail Center Safety & Security Professional Certificate, Mail Piece Design Professional Certificate, Mail Center Professional Certificate, Postal Customers Council Leadership Certificate and Shipping and Packaging Certificate.

Background

The Mail Services Business Line has provided service to DOE since FY 1997. We seek to achieve the highest possible level of customer satisfaction and safety with our mail operations. The DOE Mail Center provides a variety of mail services for all official and other authorized mail for DOE and its employees, including: the processing of all incoming postal mail, outgoing official mail, internal mail processing, and special services including accountable mail processing, pouch mail, a variety of overnight express mail services, directory services, and pick-up and delivery services.

Mail Centers are found at the following locations:

- Forrestal Building—Room GL-084:
1000 Independence Avenue, SW
Washington, DC 20585
- Germantown Building—Room E-066:
19901 Germantown Road
Germantown, MD 20874-1290
- 270 Corporate Center—Room 1003:
20300 Century Boulevard
Germantown, MD 20874

Defining Success

This business contributes to the flow of critical information for DOE programs by distributing hard copy documents and printed materials, inspecting and cleaning the mail, and discovering low cost postal options. The business has adopted the following balanced scorecard objectives as the basis for measuring success. A customer survey was completed in FY 2004 with a rating of 95% customer satisfaction. During FY 2005 a customer survey is planned, as one key basis for measuring progress.

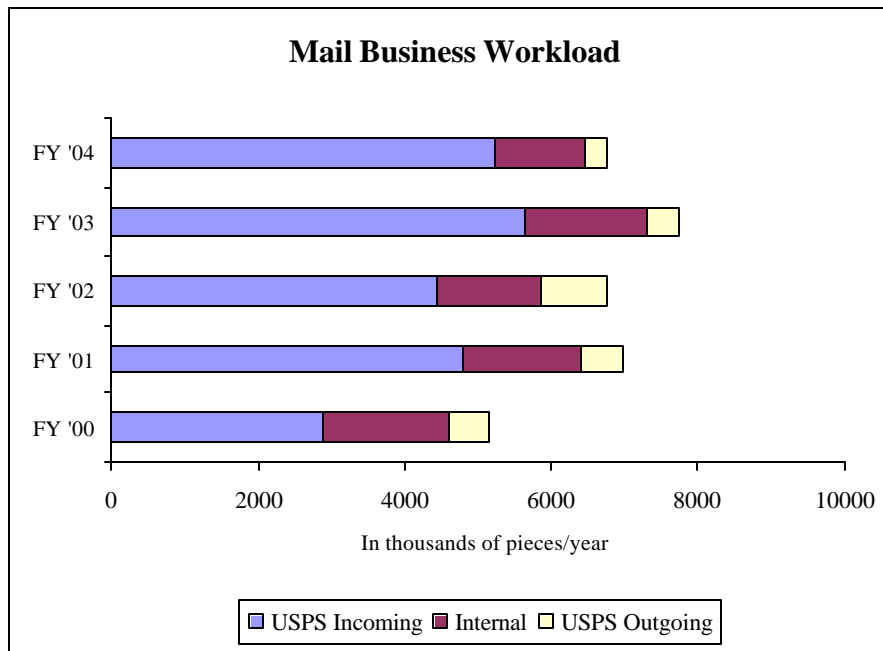
Mail Business Balanced Scorecard Objectives

	<i>Customer</i>	
	Reduce the amount of time to process and deliver internal mail.	
<i>Financial</i>		<i>Internal Processes</i>
Reduce customer’s mailing costs by utilizing presort mail rates.		Maintain the highest security standards for incoming, outgoing, and internal mail distribution.
	<i>Learning and Growth</i>	
	Enhance the effectiveness, knowledge, and satisfaction of Mail Service Business Line employees.	

Business Line Trends

The mail business handled approximately 7 million pieces of mail during FY 2004. The volume of both incoming mail and outgoing mail activity decreased this year due to internet usage. With the creation of the Fund in FY 1997, program offices became responsible for paying for outgoing USPS mail and the volume of such mail has remained relatively small. There has also been a trend toward reduced internal mail, likely due to increased use of e-mail.

The mail business earns revenue to support internal distribution infrastructure through allocations by mail stops to program customer accounts. Program customers are reducing the number of mail stops with the result that these infrastructure costs will increase per mail stop. Because distribution within program offices may be less expensive than related distribution within the complex, the resulting savings for program customers may result in increased cost to the remainder of the mail distribution system. However, this trend is occurring at the same time that infrastructure costs are declining. We will be looking closely at this development during FY 2005 and make recommendations to the WCF Board.



Mail Business Line Workload Measures							
	Incoming USPS Mail	Internal Mail	Outgoing USPS Mail	Special. Services In	Special Services Out	Program Mail Stops	Common Mail Stops
FY '98	1,557,005	1,933,719	371,975	42,000	7,000	103	5
FY '99	3,566,560	1,644,812	946,160	66,646	8,921	97	5
FY '00	2,883,636	1,696,256	574,992	93,040	9,305	96	6
FY '01	4,783,300	1,623,760	576,223	92,488	8,222	98	6
FY '02	4,420,289	1,447,398	887,065	77,986	10,368	96	6
FY '03	5,638,596	1,678,062	436,608	50,594	9,348	102	6
FY '04	5,254,777	1,211,282	303,727	48,519	14,271	100	6

FY 2004 Financial Overview

This business line earned a \$0.2 million net operating profit in FY 2004, due largely to the business's ability to reduce infrastructure costs.

Business Line Officials

Business Line Service Manager: Mary Anderson,	202-586-4375
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Business Line Financial Manager: John Harrison,	202-586-3611
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Service Points of Contact: Anthony Nellums,	202-586-6064
Alvan Majors,	202-586-4338



Photocopy Business Line FY 2004 Annual Report

Financial Summary	FY 2004	FY 2004	Net Earnings	Net Earnings
	Earnings	Expenses	FY 2004	FY 1997-2004
	(millions)	(millions)	(millions)	(millions)
	\$2.2	\$2.4	-\$0.2	-\$0.2

FY 2004 Achievements

- The Copying business line installed 25 dedicated digital multi-functional energy star compliant copiers.
- In partnership with Environmental Protection Agency (EPA) and the Green Fund Network, DOE Headquarters' started a toner recycling program on April 22, 2004 (Earth Day).
- A Department-wide Blanket Purchase Agreement (BPA) with Xerox, Inc. and with Ricoh, Inc. was initiated for copier products, maintenance and services effective August 1, 2004 which will result in \$380,000 savings to the business.
- The Document Imaging business segment paid off its initial investment in FY2004, generating net income of \$78,000. We expect this contribution to increase in FY 2005.

Background

The Photocopy Business Line was part of the original Fund in FY 1997. The Photocopy Business Line provides convenient and cost-effective duplicating services and dedicated copiers to DOE Headquarters organizations at three Germantown Locations as well as Forrestal and L'Enfant Plaza facilities. At the main Germantown, Forrestal and L'Enfant Plaza locations, the business line operates a staffed copy center in each location and provides service and equipment for central and dedicated copiers. The Copy Management Staff also perform the following:

- Acquisition activities on behalf of program customers.
- Confer with customers at all levels to identify their copying requirements.
- Arrange for delivery, installation of newly acquired equipment.
- Negotiate with the vendors for trade-in discounts.
- Coordinate training for key operators and users on newly acquired equipment.
- Establish annual maintenance agreements with vendors (including negotiation of most cost-effective terms and conditions).
- Coordinate servicing of the copiers for customers.

- Maintain copier supplies for the various copier models.
- Recycle toner and ink jet cartridges.
- Provide door-to-door delivery of paper.
- Provide bulk delivery service for xerographic paper (by-the-skid).
- Perform equipment surplus functions, where appropriate.

A mix of Federal and contractor staff performs these functions. Program offices are charged for central and staffed copiers on a cost-per-copy basis, based on the number of copies made by program staff and a full vendor cost basis for its assigned dedicated copiers.

Defining Success

This business supports DOE program missions by providing document management, including paper copies and digital files for distribution and storage.

Photocopy Business Line Balanced Scorecard Objectives

	<i>Customer</i>	
	Provide customers with convenient copy facilities and maintain low total cost to the customer.	
<i>Financial</i>		<i>Internal Processes</i>
Improve efficiency and ensure full cost recovery.		Streamline internal processes and apply technological advancements logically.
	<i>Learning and Growth</i>	
	Enhance the effectiveness, knowledge, and satisfaction of Photocopy Business Line employees.	

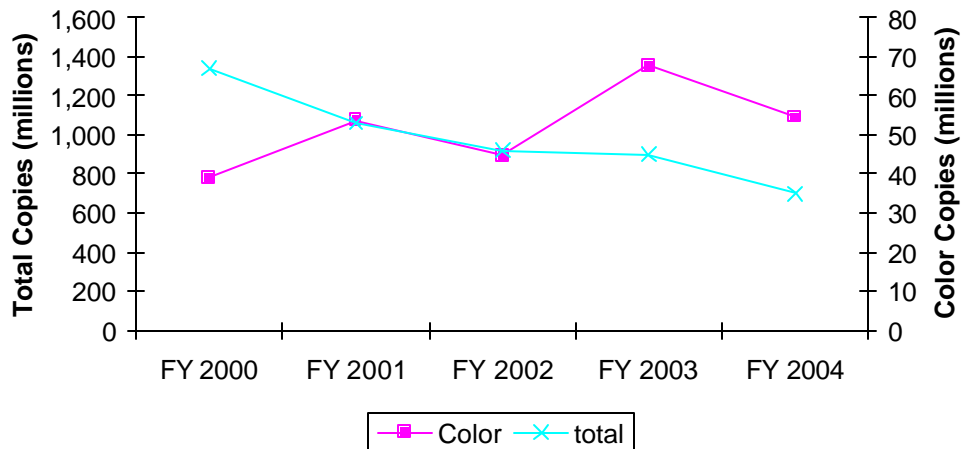
Business Line Trends

As shown in the figure on the following page, since the Fund was created, the number of total photocopies produced in Headquarters declined from over 100 million copies per year in FY 1996 to 34 million in FY 2004. The new digital scanning and OCR business segment will enhance the ability of this business to help our customers manage their document needs.

Photocopying technology continues to improve. Though usage is declining, we expect the requirement for photo copies to continue. In order to satisfy customer needs we represent DOE at monthly vendor functions to keep cognizant of all new state-of-the-art

equipment and interface with our peers at other government agencies to keep current on any laws and regulations that may affect our current business operations. We are also planning to provide automated access control and meter reporting for individual copiers in the coming year.

Copy Workload Trends



Copying Workload Trends

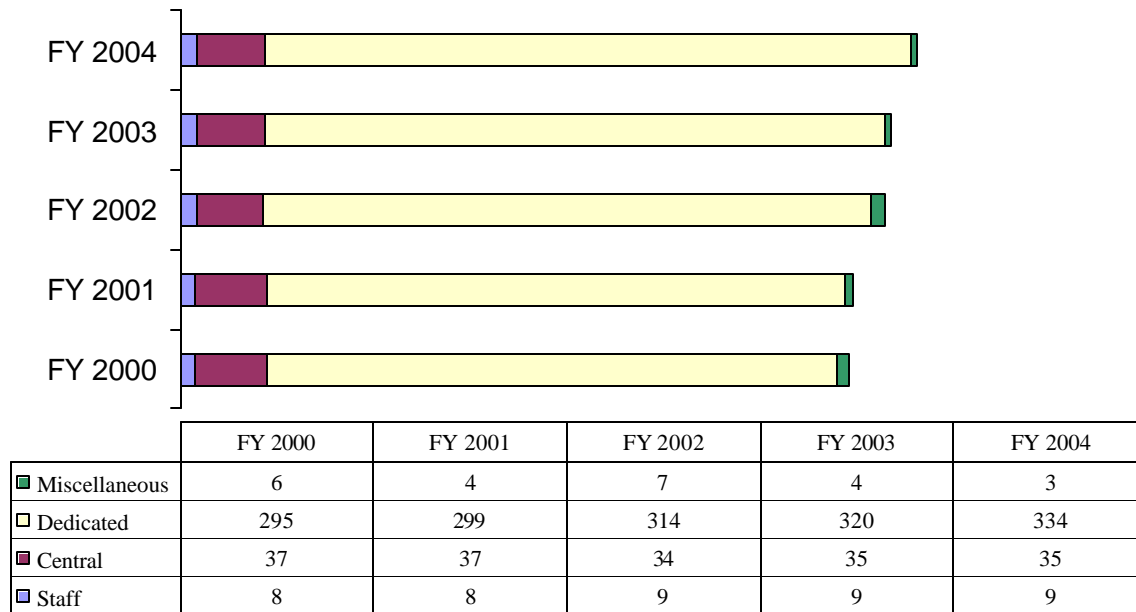
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Color	779,730	1,073,408	892,778	1,266,765	1,091,678
Staffed	22,099,621	18,188,158	12,808,814	9,270,704	10,664,649
Central	17,199,359	9,467,911	9,123,625	5,613,421	4,860,786
Dedicated	27,011,133	23,901,160	23,143,684	27,542,263	18,259,173
Totals	67,089,843	52,630,637	45,968,901	43,693,153	34,876,286

The business has maintained a very competitive pricing structure for copies in comparison to other organizations within and outside the Federal Government, as shown in the following table.

Cost-Per-Copy Comparison		
Organization	B/W	Color Copies
DOE (central/staffed)	\$0.028	\$0.50
Agriculture	\$0.05	\$0.85
EPA	\$0.05	\$0.45
Labor	\$0.03	\$0.40
Transportation	\$0.05	\$0.75
Kinko's	\$0.07	\$1.49
Copy General	\$0.06	\$0.99
Office Depot (under 1000 copies)	\$0.05	\$0.99
Staples	\$0.07	\$0.99

There has been continued growth in the number of dedicated copier machines as shown in the table below, partially explaining the significant reduction in the number of copies made at central copier locations. New copiers are predominantly digital and connected to the LAN.

Copier Machine Trends



Number of Machines

FY 2004 Financial Overview

This business line earned \$0.2 million less than expenses, in part because the business volume has declined at the staffed copy centers. The copier lease at these sites is very costly compared to alternatives; however, these copiers have been replaced in time to begin FY 2005.

Business Line Officials

Business Line Manager: Mary Anderson, (202) 586-4318

Business Line Financial Manager: John Harrison, (202) 586-3611

Service Points of Contact: Melina Echols-Goldring, (202) 586-2908



Printing and Graphics Business Line

FY 2004 Annual Report

Financial Summary

FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Earnings FY 2004 <i>(millions)</i>	Net Earnings FY 1997-2004 <i>(millions)</i>
\$3.1	\$2.9	\$0.1 ¹	\$0.5

FY 2004 Achievements

- Printing business line processed 1,093 print requests and 4,012 graphics requests for customers.
- Obtained the services of the GPO Term Contract 258-S to procure the Energy Savers Brochures. These term contracts allow production of short-run, fast turnaround printing.
- Continues providing ongoing assistance to their customers on creating and submitting electronic media files for the printing of documents. Approximately 90% of the print jobs use electronic media.
- Made modifications to the internal Job tracking System to improve the processing of GPO OPACS invoices, monthly billing federal register cost, and the uploading of updated organizational listings.
- Purchased new Pantone Ink Matching kits which are a tool that will be used to assist our customers in selecting ink colors and the printing specialist while on press sheet inspections.
- Developed marketing campaigns in support of recurring events held at Headquarters, i.e., Black History Month, Asian Pacific Month, Native American Month, and Hispanic History Month. Each event required posters, flyers, and programs.
- Provided all graphics support services for the 2004 National Science Bowl held in Washington, DC.

Background

Printing services produce a complete range of high-quality printed products comparable to those available from a full-service commercial enterprise. The services include: mailing, shipping, and distribution; production of Government Printing Office (GPO) printed inserts to the daily Federal

¹ Source data for these financial results are whole numbers, which, when rounded to millions in tenths do not result in the same net rounded numbers. Actual net income was \$138,956.90.

Register; production and duplication of various electronic informational media; and court reporting and transcription services.

The graphics business line provides onsite design and production services for all graphic products required by Headquarters offices. Products and services include but are not limited to the following: full color posters, various sized signs, exhibits, promotional materials, desktop publishing services, presentations, certificates, seminar materials, and output services. In addition, this business provides expertise and project oversight when coordinating work produced for DOE by commercial firms.

The business line also provides onsite photographic services for all Headquarters offices. Services include but are not limited to the following: Washington DC & metropolitan area photographic sessions, studio photography, passport & visa services, digital photography, and complete photo lab services. The business line maintains DOE technology visuals in order to provide prints/slides to Department-wide program personnel and the public sector. In addition, this business catalogues and maintains negatives generated by Headquarters photo assignments. The business line sells printed products, such as official DOE stationary, that had previously been sold through the Supplies business line.

Defining Success

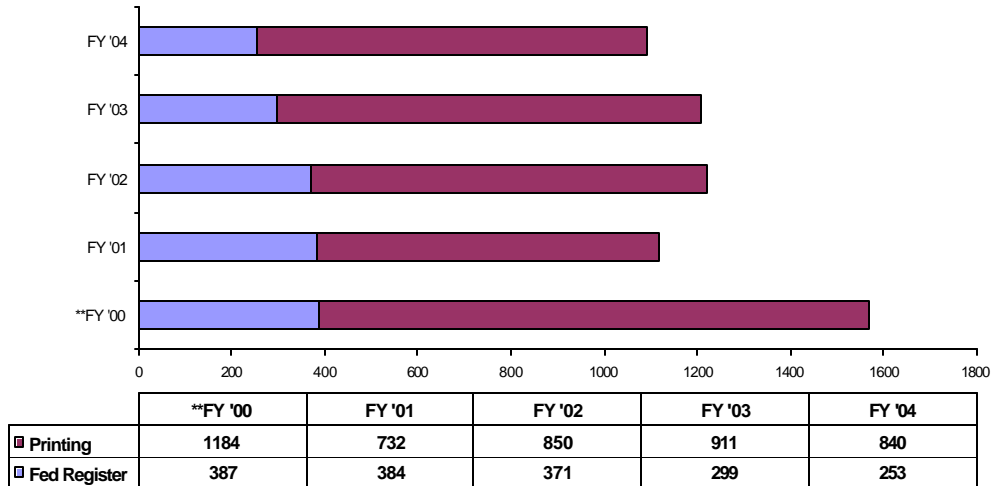
The Printing and Graphics Business Line's goal is to provide quality printed and graphics services in an expeditious, timely, and efficient manner at the lowest cost to programs. The focus is on capacity, processes, and quality control.

Printing and Graphics Business Balanced Scorecard Objectives

	<i>Customer</i>	
	Provide final printing products that conform to customer’s expectations.	
<i>Financial</i>		<i>Internal Processes</i>
Reduce customers’ printing costs by identifying less expensive methods of production.		Foster partnership with GPO to utilize “best-value” contracting.
	<i>Learning and Growth</i>	
	Improve the skills of all staff through training and improved automated systems.	

Printing Services Business Line

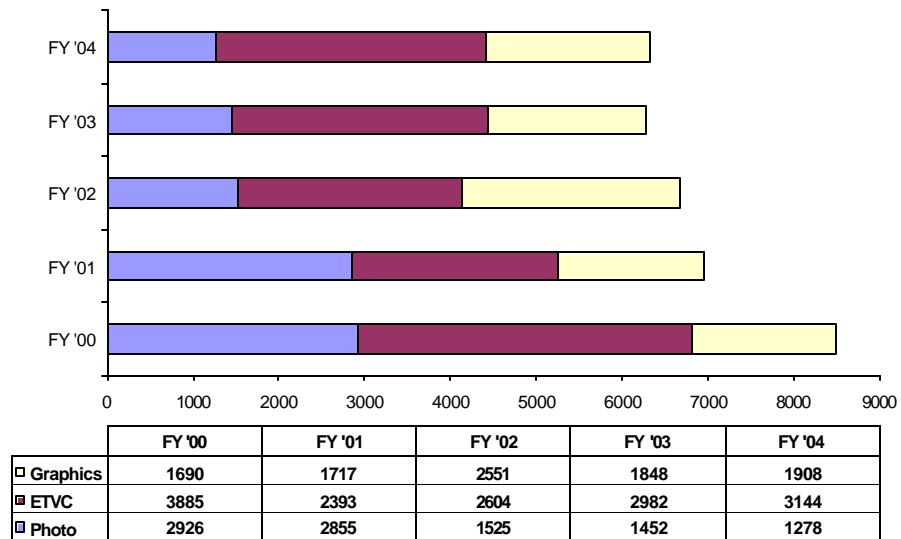
5 Year Comparison of Jobs Processed



** Includes Open Requisitions

Graphics Services

Workload Trends



FY 2005 Financial Overview

The **Printing and Graphics** business line earned \$0.1 million net operating profit due to savings in business overhead costs.

Business Line Plans and Anticipated Issues

The Printing and Graphics Business Line has identified the following as key objectives to be implemented:

- Continue enhancing its Job Tracking System (JTS) during FY05 to enable the JTS to be more user friendly which would provide assists teams ability to better track printing jobs, improve the billing and budgetary process.
- Continue seeking alternative procurement methods minimize the cost for procuring printing through the Government Printing Office.
- Continue the practice of flight checking more electronic media printing jobs to identify and resolve as many problems as possible prior to sending electronic files to vendors
- Create and publish guidelines for creating and submitting electronic files for procuring jobs. This includes not only traditional publications but also non-traditional procurement such as CD duplicating and CD jewel case and label art work

Business Line Officials

Mary R. Anderson, Mary.Anderson@hq.doe.gov, 202-586-4375, Business Line Manager
Willie. Bruce, Willie.Bruce@hq.doe.gov, 202-586-2732, Graphics Point of Contact
Dallas Woodruff, Dallas.Woodruff@hq.doe.gov, 202-586-4318, Printing Point of Contact



Financial Summary

Building Occupancy Business Line

FY 2004 Annual Report

FY 2004 Earnings (millions)	FY 2004 Expenses (millions)	Net Earnings FY 2004 (millions)	Net Earnings FY 1997-2004 (millions)
\$62.9	\$64.2	- \$1.4 ¹	\$7.1

FY 2004 Achievements

- Consolidated the Board of Contract Appeals personnel with the Office of Hearings and Appeals.
- Eliminated 170 identified barriers to persons with disabilities from the Biennial Audits of the Forrestal and Germantown Buildings. Since FY 1999, a total of 272 of the 425 barriers identified or 64% have been eliminated.
- Continued to implement HQ Building Improvement program to support the Secretary's goal of making DOE the employer of choice, as follows:

At Forrestal:

- Enhanced corridors by modifying the color scheme, accenting the columns and adding planters at the ends of the E and F corridors. Repainting was completed in February.
- Upgraded 58 restrooms to include full compliance with the Americans with Disabilities Act accessibility guidelines. The remaining 48 restrooms to be upgraded over the next two years.
- Renovated Conference room 2E-069.
- Replaced wall covering in 7 elevator lobbies.
- Upgraded the cafeteria serving and dining area. Renovated the Snack Bar in GE-234.
- Completed the replacement of the convector unit piping for 184 convectors on the South and West sides of the South Building. Work in the South Building to be completed in FY 2005 and 2006.

At Germantown:

- Cafeteria renovation completed.
- Upgraded the East Lobby.
- Enhanced corridors by modifying the color scheme of the walls and replacing the flooring on the 1st floor. In FY 2005, the floor tile on the 4th floor corridors will be upgraded.
- Created kitchenette for COOP purposes in A-wing, 4th Floor.
- Updated/improved occupant emergency plans for all buildings at Headquarters.
- Reduced energy consumption by 34.08% in FY 2003 from the FY 1985 baseline. Beat the goals in Executive Order 13123 by 4% and 2 years. In FY 2004, reduced the energy consumption by 42.8% for 3 quarters and anticipate at least 35% for the full year.
- Processed 1,212 requisitions for tenant alterations at a total value of \$1,265,533.76 for WCF members. 109,063 sq. ft. of space was designed and 88,220 sq. ft. were altered.

¹ Source data for these financial results are whole numbers, which, when rounded to millions in tenths do not result in the same net rounded numbers. Actual net income was -\$1,375,569.

Background

The products and services provided by the Building Occupancy Business Line include: space management, assignment, allocation, acquisition, disposition and utilization, utilities, cleaning services, snow removal, facility operations and maintenance, pest control, trash removal, waste recycling, drafting of construction documents (drawings and specifications), developing scopes of work, construction management and inspection, engineering, developing scopes of work, lease - hold administration, lock repair and key management, safety and occupational health, and conference support. These services are provided at a standard level of service and an above standard level of service. The standard level of service is to provide the basics of a safe, healthy, warm and adequately lit shell. Renovations within a suite of offices for the benefit of the program office are considered to be above the standard level of service for which programs are billed. The mission of this business line is to provide the most expeditious and efficient service in a safe and healthy environment to the members of the DOE program offices and to achieve the highest possible customer satisfaction in accordance with the Federal Property Management Regulations. The Building Occupancy Business Line is led by a management team whose combined backgrounds consist of corporate knowledge in occupancy allocation, building maintenance and operations, as well as engineering and facilities management. The staff is a diverse, quality workforce consisting of trade and professional personnel, and contractors.

Defining Success

To monitor the Business Line's service performance, the Business Line tracks several metrics. These include cost per square foot of both government owned and leased space, cost per person, the number of employees housed, vacancy rate, and the total square footage of space utilized. The Balance Scorecard objectives in the Building Occupancy Business Plan are as follows:

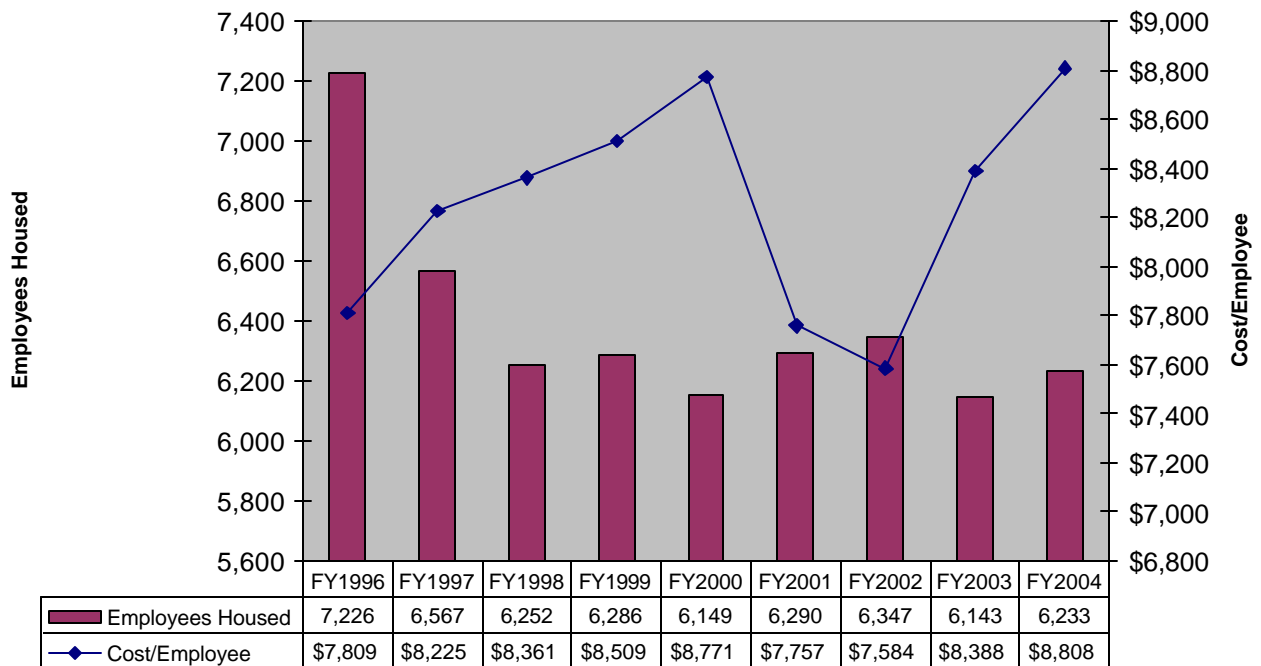
Building Occupancy Business Balanced Scorecard Objectives

	<i>Customer</i>	
	Improve customer satisfaction.	
<i>Financial</i>		<i>Internal Processes</i>
Reduce cost per person.		Operate and maintain equipment and systems in a manner that will provide for orderly operations of the Department, be environmentally responsible, and ensure preservation of the Government's real property assets.
	<i>Learning and Growth</i>	
	Improve knowledge, skills and abilities of Business Line staff in support of business systems and Business Line mission.	

Business Line Trends

The Fund was created during a period of Headquarters downsizing. The number of Federal and contractor employees housed in FY 2004 was approximately 1,000 lower than in FY 1996. (See bars on the graph below). During the early years of the Fund, the cost per employee housed tended to increase, but this trend was reversed during FY 2001 and lowered further in FY 2002. As a result, the nominal dollar space cost per employee in FY 2002 was below the FY 1996 level by over \$200. With the acquisition and occupancy of approximately 74,000 sq. ft. of leased space at 955 L'Enfant Plaza by NNSA in FY 2003 and 18,048 sq. ft. by EH in FY 2004, the trend has reversed again.

Building Occupancy Trends



80% of the Building Occupancy Business Line staff is subject to competitive sourcing. The PWS and management plans were developed in FY 2004. We expect a decision (MEO vs. contract) by the end of CY 2004. The transition period will be 9 months. Therefore, the impact of the decision on this Business Line will not be seen until FY 2006.

The table below displays selected metrics for the Building Occupancy Business Line. It indicates that the overall area occupied by Headquarters peaked in FY 1996 and decreased through FY 2002. Since that time, it has increased to within 1.5% of the FY 1996 level. The vacancy rate remains below 0.5% in FY 2004, and the number of accidents and injuries has declined.

Building Occupancy Business Line Metrics

	Pre-WCF	WCF	WCF	WCF	WCF	WCF	WCF	WCF	WCF
Metric	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Total Square Footage	2,434,909	2,412,845	2,380,439	2,319,269	2,319,269	2,319,269	2,307,269	2,381,147	2,399,195
Employees Housed	7,226	6,567	6,252	6,286	6,149	6,290	6,347	6,143	6,233
Cost Per Square Foot (owned)	-	-	\$22.41	\$23.11	\$23.19	\$20.13	\$20.03	\$20.21	\$21.71
Cost per Square Foot (Leased)	-	\$23.49	\$23.49	\$22.85	\$23.85	\$27.50	\$26.94	\$29.85	\$29.77
Cost per Person	\$7,809	\$8,225	\$8,361	\$8,509	\$8,771	\$7,757	\$7,584	\$8,388	\$8,808
Vacancy Rate	-	1.82%	2.99%	1.82%	1.75%	0.37%	0.20%	0.11%	0.40%
Rent (in \$000's)	\$56,428	\$54,011	\$52,271	\$53,489	\$53,933	\$49,077	\$48,134	\$51,525	\$54,900
Accidents/Injuries	75	76	75	69	59	57	49	46	40
Square Feet Per Employee	337	367	381	369	377	369	364	388	385

FY 2004 Financial Overview

This business line earned \$1.4 million less than expenses. This is due largely to the completion of project work financed in prior years. This is a trend we expect to continue as projects are completed in future years. Most of the \$7.1 million cumulative net earnings in this business are being used to forward finance utility and maintenance contracts (\$4.1 M). The balance of the net earnings are committed to construction projects (\$3.0 M) and cannot be redirected to other uses or refunded to customers.

Business Line Plans and Anticipated Issues

NNSA is projected to grow during FY 2005. This growth will affect the FY 2005 and FY 2006 Business Line budgets and activities. The NNSA has leased over 73,000 square feet of space at 955 L'Enfant Plaza in FY 2003 and plans to add to this space in FY2005 or FY2006 to accommodate this growth. Elements of NNSA were moved to the L'Enfant Plaza space. Forrestal space thus vacated is projected to be re-configured to accommodate the remaining NNSA personnel and other Headquarters space requirements in FY 2005. Overall, this is expected to increase the average cost per square foot and per employee in the Headquarters complex in FY 2005, FY 2006, and FY 2007. In FY 2005, EM desires to reduce the space they occupy in the Cloverleaf Center IV building.

Business Line Officials

Louis A. D'Angelo, III, Manager

202-586-6080



Telephone Business Line

Financial Summary

FY 2004 Earnings (millions)	FY 2004 Expenses (millions)	Net Earnings FY 2004 (millions)	Net Earnings FY 1997-2004 (millions)
\$ 8.2	\$ 7.6	\$ 0.6	-\$ 7.8

FY 2004 Achievements

- Successfully completed phase four of the “Keep It Current” (KIC11) MSL 100 Telephone Switch Software Upgrade. This upgrade brought both the GTN and FORS MSL 100 software levels from MSL15 to MSL17. These upgrades were completed April 30, 2004 and May 7, 2004 respectively.
- Other upgrades resulted in:
 - 24X7 remote monitoring of 950 L’Enfant Plaza.
 - Increasing capacity of the Voice Mail System from 6,775 to 7,075 mailboxes.
 - Avoiding obsolescence to the Compco management system.
 - Eliminating Verizon infrastructure at both GTN and FORS which resulted in cost avoidance of \$35,000 annually.
- Successfully completed a Free Space Optics trial with Booze Allen Hamilton proving line of sight technology between 950 L’Enfant and FORS.
- Completed the Nortel Proof of Concept Voice over Internet Protocol (VOIP) trial.
- Installed AT&T SONET ring for future disaster recovery purposes at both FORS and GTN. This infrastructure facility addition provides a new and diverse access route and network switch which allows DOE to split their FTS Network access between MCI and AT&T and establishes true diversity and enhanced survivability.
- Replaced Rectifiers that support the MSL 100 Telephone Switch at the FORS site on September 24, 2004. This replacement will prolong the life of the emergency backup battery sources.
- Received approval from the WCF Board to add the Cellular Telephone Service effective Oct. 1, 2003 and all other Wireless Services effective Feb. 1, 2004.

Background

Since the inception of the WCF in 1997, this business has provided reliable telephone services in support of DOE programmatic missions. It provides telephone service for approximately 14,000 phone lines in use at the Department’s Headquarters facilities in Washington, D.C. and Germantown, Maryland. The telephone system infrastructure is composed of two, large Northern Telecom MSL100 PBX’s (one for each headquarters building), two Remote Switching Centers (RSC), Option 11C PBX,

Octel 350 Voice Mail System, Octel 250 Voice Mail System, and includes local, long distance, and international dialing provided through the headquarters telephone system. It also includes specialized services such as:

- Operator-assisted calls (including large audio conference calls)
- Voice mail, three-way calling, call forwarding, 800 telephone services, custom calling cards for domestic and international calling
- Video conference calling at variable speeds
- Technical personnel to install repair and operate the system
- Support personnel to administer service order implementation, billing, and charge back processes required to process the DOE HQ's user organizations service needs

Headquarters telephone system infrastructure facilities and access to the Washington Metropolitan Area local telephone exchanges is provided by Verizon Communications under the GSA WITS2001 contract, which became effective on October 1, 2000. Domestic long distance calling services and video conferencing services are provided by MCI under the GSA FTS2001 contract. AT&T provides FTS, International calling services and calling card services (domestic and international) under the GSA "Crossover" contract. Contractor personnel provide technical and administrative support for these services.

Defining Success

Customer satisfaction is one of our key goals. The small number of user complaints and the following telephone service statistics indicate that we are meeting our goals:

- Telephone reliability of 99.8%
- Not more than 35 outbound calls blocked per 10,000 calls placed

Reliable telephone service is a critical element in each DOE organization's ability to successfully fulfill its mission. The DOE has improved Internet Protocol (IP) access for our remote and HQ complex users by implementing diverse IP services with AT&T, MCI, and Sprint. This action has improved remote connectivity from all communities that our DOE users call from and also improved reliability of access at HQ. Defining and satisfying user requirements in a timely manner are our major objective.

Business Line Trends

Telephone service technology changes will continue at a rapid rate as Internet Protocol (IP) technology and broadband facility management provides for bundling of telephone, data and video services to achieve an overall lower cost and better utilization of available telephone facilities.

In order to continue to provide for the latest in evolving switch technology, FY05 plans include an assessment of the entire cable plant infrastructure within Headquarters. A data sampling will be taken of approximately 33% of the existing cable plant core. An estimated calculation would then be submitted to determine the cost requirement to upgrade the entire infrastructure to support integration into a fully digital platform.

As voice, video, and data continue to merge as a single platform for disparate applications, we will review the feasibility of migrating to a fully digital platform by upgrading the front end PBX to a Succession 2000 thereby, allowing the option to introduce Voice over Internet Protocol technology.

The telephone system is maintained at a service and equipment availability level to accommodate changing program requirements. Plans for upgrading existing equipment and implementing new technology ensures continuous and reliable telephone service to Headquarters users. Ongoing maintenance has extended the useful life of capital equipment through FY 2010.

Plans are being reviewed to upgrade the Option 11c at 950 L'Enfant Plaza to a Succession 1000 system. The upgrade will allow the promenade level Environmental Health Centrex users to be migrated onto the switch as well as providing increased scalability for future growth. This upgrade will provide a cost avoidance by eliminating current recurring Centrex costs.

The number of calls placed on the internal exchange decreased by 6%. Decreases in call volumes are attributed to the change in technology and user calling habits such as increased cellular telephone usage, expanded E-Mail usage, Personal Digital Assistant (PDA) usage and telecommuting. Also attributing to the decrease was the transfer of the NA-30 telephone traffic, local (39,000 calls) and FTS (20,000 calls) from HQ billing to direct user billing. Year-to-year variations in internal calls have been small, most likely because the number of Headquarters employees has remained relatively constant.

Open Federal Telephone System (GSA) recommendations and disputes

The FTS/Traffic Analysis Team continues to analyze the level of traffic flow at the Department of Energy and to make monthly recommendations to adjust infrastructure trunking accordingly.

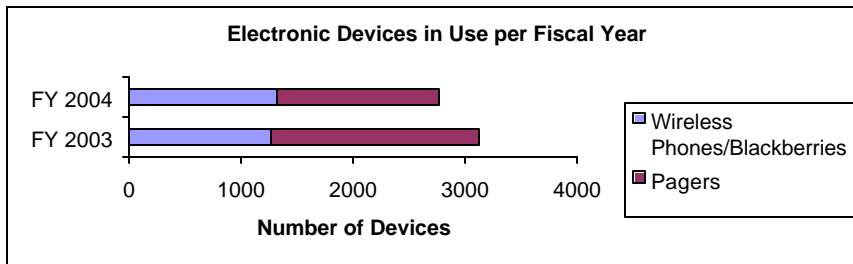
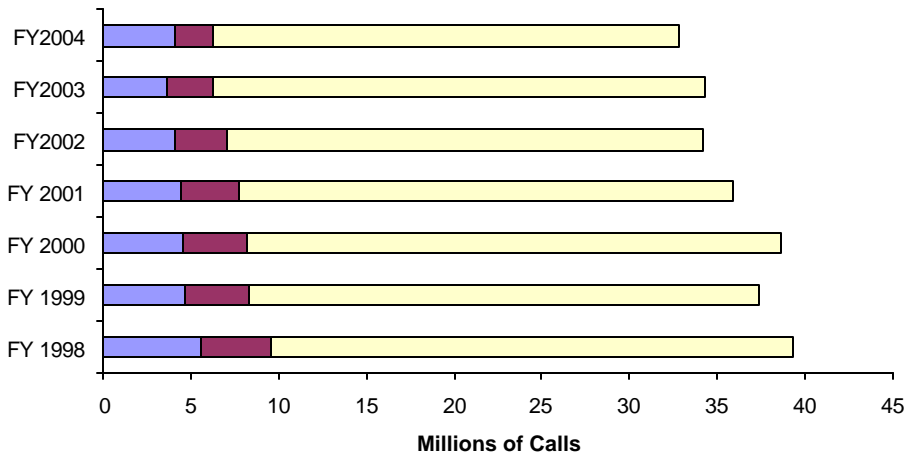
Future recommendations will include the possible removal of an excess of MCI FTS T1's at both GTN and FORS facilities. Additionally, the FTS billing team continues to research vendor billing discrepancies. Multiple billing disputes are pending and corrective action with the carriers is currently underway.

Telephone Usage

Telephone usage in millions of calls per year is shown in the below table:

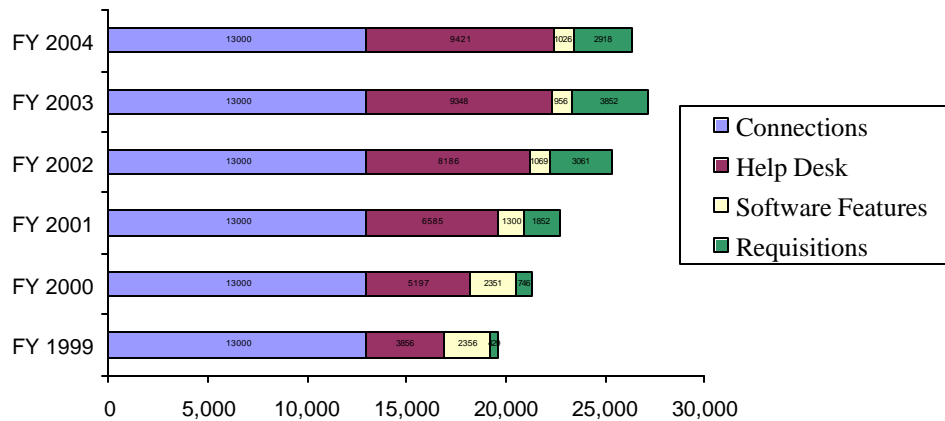
Millions of calls/year	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Local	3.5	5.6	4.6	4.5	4.4	4.1	3.6	4.1
FTS2000/FTS2001	4.8	3.9	3.7	3.7	3.3	2.9	2.6	2.1
Internal (PBX)	N/A	29.9	29.1	30.5	28.2	27.2	28.1	26.6

Headquarters Telephone Usage



Demand for Telephone services has been strong over the last six years. Below is a graph for trends of customer service calls. The total amount of yearly conference calls was 19,950 with 235,048 conferees involved. The need for Operator assisted calls remained relatively constant over the past year.

Telephone Service calls as related to Help Desk Trouble Calls and Requisitions



FY 2004 Financial Overview

The telephone business earned \$0.6 million net operating profit resulting from a one-time prior year cost adjustment for MCI charges.

Business Line Plans

Nortel Networks plans to introduce the Succession 2000 platform and SE-06 software after a determination is made on the cable plant infrastructure requirements. The current MSL 17 software release will be fully supported through FY 2010. The business line is currently considering convergence with internet technology that will result in a transition from the current system. If this effort should be deferred until after FY 2010, the phone system will require significant upgrades at high cost to the DOE.

Business Line Officials

Harry Hixon, Owner	202-586-2018
Judy Saylor, Technical Monitor	301-903-4999
Richard Otis, Technical Monitor	301-903-5310



Desktop Business Line

Financial Summary	FY 2004 Earnings	FY 2003 Expenses	Net Earnings FY 2004	Net Earnings FY 1998-2004
	\$0.9	\$1.0	-\$0.1	-\$0.4

FY 2004 Achievements

- 3,220 service requests responded to by three hardware technicians for all DOE Headquarters Offices utilizing non-eXCITE equipment.
- 1,884,441 virus encounters, including 157 incidents, were addressed.
- 35 decontamination incidents involving 159 systems were addressed.
- 4,594 systems, including 174 servers and 126 VPN users were managed with McAfee ePolicy Orchestrator (ePO) anti-virus architecture.
- 146,296 incidents DOE wide were managed by the Applix system.

Background

The Desktop Business Line has been a part of the Working Capital Fund (WCF) since its inception. This business provides complete desktop maintenance services for a wide variety of personal computers, fax machines and printers and third-party maintenance contracts for equipment that cannot be repaired in-house. It also provides for services such as virus support and Applix customized reporting, all of which is provided DOE-wide through a centralized Customer Support Center (CSC). For hardware maintenance there are two hardware maintenance facilities: one in the main Germantown building, which services all offices in the greater Germantown area, and another in the Forrestal building, which services all offices in the Washington, D.C., area. Other functions include the following:

- Ordering of parts and computer components.
- Installing new hardware, when requested, to include data migrations.
- Relocating equipment, including disconnects and reconnects of desktop equipment.
- Sanitizing hard drives, when requested, in order to facilitate the excessing of equipment.
- Investigating and controlling computer viruses.
- Providing disk media recovery services.
- Providing support for the Applix application, which currently supports approximately 700 reps supporting 40,299 DOE-Wide active users (active users consist of Federal and contractor employees both on and off-site, as well as users at DOE Field Sites).

Defining Success

The desktop business line is successful when the customer's desktop is active and productive. This success relies on the following three primary factors: user productivity, system availability, and addressing the threat of intrusion. This business is structured to maximize performance in these three areas. Success can also be defined as delivering timely and outstanding service to our customer base with a much-reduced staff over a wide geographic area with extremely high customer satisfaction ratings.

Desktop Maintenance Business Balanced Scorecard Objectives

	<i>Customer</i>	
	Provide timely and accurate Customer Support service to all DOE program customers at Headquarters on demand.	
<i>Financial</i>		<i>Internal Processes</i>
Continue fee for service customer billing by linking the basis for vendor billing with customer billing.		Examine every possible avenue to refine and/or redefine the service offerings.
	<i>Learning and Growth</i>	
	Utilize lessons learned and technology, wherever possible, to ensure sound business practices.	

Business Line Trends

Hardware Maintenance: The Hardware Maintenance component of this business line has historically enjoyed success with respect to the services performed over the years. It currently serves in concert with the eXCITE team to provide maintenance services for non-eXCITE desktop hardware such as printers, fax machines and other peripherals. This group currently functions with 3 technicians, one in Germantown and two at the Forestall location. The operational hours of the Hardware Maintenance component have been extended as follows:

Germantown Shop: 7:00 am - 5:00 pm
Forestall Shop 7:30 am - 6:30 pm

Virus Protection Plan: Workload requirements for the Virus Protection Plan remain high due to continued large numbers of decontaminations as well as a significant increase in the numbers of virus encounters. Over the past four years encounters have increased from 20k through 160k to nearly 2.0 million from various vectors, last year. The number of virus-related industry alerts requiring risk analysis increased from 19 in FY03 to 40 in FY04. In addition, the ASSIST has assumed management and maintenance of anti-virus software for a majority of Headquarters systems, adding administrative duties to its workload.

Disability Accommodations Program: Replaced in FY 2003 by the Defense Computer Accommodations Program.

Applix Support: All Headquarters Program Offices DOE-Wide to include Field Sites utilize Applix, which equates to approximately 650 reps with active Applix Id's. Program Offices utilize the Applix application for various functions, including Help Desk, Asset Management, Training, Meet Me Conferencing, Video Conferencing, Configuration Change Management, SLA Metric Measuring and Reporting, Project Tracking, Working Capital Fund and Building Operations, integration with Tivoli, DOEInfo and Sunflower applications. In support of the organizations and the applications they utilize, this support provides client software installation, training, data migration, escalation/notification configuration and on-site support. Additionally, maintenance of the Outlook Mail Box is used for notifications and staff of the Applix Enterprise Help Desk Function (phone and desk side support).

FY 2004 Financial Overview

This business earned \$30,743.19 less than expenses, due to costs being improperly assigned to virus tasks that will be credited in FY 2005. Otherwise this business would break even for FY 2004.

Business Line Plans and Anticipated Issues

The following evolving requirements are not adequately funded in the current pricing policy: decontamination service; cross-training of staff; conduct ViRT (Virus Response Team) training at CSPP-prescribed intervals; new and evolving threats and appropriate protections; and support and management of the McAfee software architecture.

This business line and most of the IT support staff for the Headquarters program offices rely on the operation and functionality of the help desk software application commonly referred to as Applix. Applix originated within the CIO's organization and was adopted as a project by the Headquarters IT Collaboration Group. Funding to cover the initial software licenses, installation support, and technical training, was provided by most of the major program offices in FY97. We need to review our pricing policy for this item to ensure continued functionality of Applix.

Business Line Officials

Business Line Owner	Harry Hixon	301-903-2018	Harry.hixon@hq.doe.gov
Service Manager Hardware Maintenance	Don Reed	301-903-2372	Don.reed@hq.doe.gov
Service Manager Decontamination Protection	Mahmood Bahadori	301-903-5988	Mahmood.bahadori@hq.doe.gov
Service Manager Virus Protection	Mahmood Bahadori	301-903-5988	Mahmood.bahadori@hq.doe.gov
Service Manager Applix Support	Florence Arnold	301-903-5965	Florence.arnold@hq.doe.gov



Network Business Line

Financial Summary

FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Earnings FY 2004 <i>(millions)</i>	Net Earnings FY 1997-2004 <i>(millions)</i>
\$5.9	\$5.6	\$0.3	\$1.4

FY 2004 Achievements

Overall performance for fiscal year 2004 exceeded targets for the network business line. Significant accomplishments are included to demonstrate the continuing improvements being made in all areas of this business line, as well as the on going efforts to acquire and implement more capable measurement tools. We continue to strive to refine our performance goals and improve the tools used to measure our achievement.

Summary Performance vs. Objectives

Business Line	SLA Objective Availability	Attainment
HQ Network Infrastructure	98.0% (Per Task Order)	99.96%
Internet Service	99.0% (Per Task Order)	99.99%
DOEnet Circuits	95.0% (Per FTS2001)	99.88%

Accomplishments by Business Line: Network Business Line:

Daily, Weekly and Monthly Headquarters Network Performance Reports are produced in support of this business line. Tivoli NetView and Concord's E-Health are used to collect and report the network statistics. These reports are posted on the CIO-Ops Web Site at: http://cio-ops.doe.gov/standup/stu_reports.cfm. These reports are generated for SLA purposes and customer comments are welcomed on improving their usefulness.

Network Infrastructure Accomplishments:

- HQ completed the upgrade of the DOE Washington, D.C., Metropolitan Area Network, between the Germantown and Forrestal facilities from OC-3 and DS-3 ATM circuits to an OC-12 Synchronous Optical Network Ring. This upgrade increased network performance, availability, and enables future services to be delivered over the fault-tolerant ring.
- Completed an upgrade of the Office of Science network segment.
- Deployed a network incident response system to greatly decrease the time required to take action against internal attacks (e.g. worms).
- Replaced QIP Solaris-based DHCP and Dynamic DNS service with Microsoft Windows 2003 DNS & DHCP, and integrated with Active Directory.
- Completed deployment of a major new revision for Cisco Systems VPN Client (4.6). Re-designed the VPN client to contain custom DOE images and emblems. Upgraded the HQ

User VPN Concentrator to version 4.1.5 to provide the capability to interpret subnet mask attribute values sent from third party authentication servers. Successfully configured site-to-site VPN configurations in support of IM (PKI Initiative), EH, and SC.

- Successfully completed a Voice over IP (VoIP) pilot demonstrating capabilities over the existing network infrastructure.

Network Management Accomplishments

- Successfully met all requirements for Certification and Accreditation of the HQ Networks (LAN/MAN/WAN)
- Developed a 5-year plan identifying network infrastructure requirements.
- Established and developed a charter for a Technical Advisory Committee for the Network and Telephone Business Lines. Initial meetings were held to brief the current technical environment, five year plans, and to explore the technical aspects of establishing a converged network for voice, video and data.
- Streamlined the patch management process resulting in less impact to the user community.
- Identified and completed all network planning activities for the implementation of the Department's COOP site, Camp Dawson, West Virginia.
- Completed a network mapping process allowing for the identification and mitigation of network vulnerabilities.
- Re-designed and added several reports to the VPN Crystal Reports which make compiling and preparing the VPN Bi-weekly report much easier and more efficient.
- Developed and published an active VPN Disaster Recovery plan for the OCIO VPN Solution.

DOEnet Accomplishments

- Upgraded the NNSA Service Center (Albuquerque, New Mexico) connection from a T-1 circuit (960 Kbps) to a DS-3 circuit with 15 Mbps capacity.
- Established a new network connection for the EM Office, Lexington, Kentucky, providing other network services and support.
- Transitioned the Golden Field Office to their individual circuit (independent of the National Renewable Energy Laboratory (NREL)/Denver Regional Office (DRO) providing other network services support.
- Transitioned the Ohio Field Office to their new location providing e-mail, ISP, firewall, VPN, and other networks services support.
- Added one new site customer to HQ ISP services bringing the number of sites utilizing HQ ISP to thirteen.

Background

This business line provides network connectivity service for approximately 8,000 users in the Department's Headquarters facilities in Washington, D.C. and in Germantown, Maryland, enabling 100+ organizational LAN segments to interoperate across the MAN which spans 13+ offices in the Washington D.C. metropolitan area. In addition, the LAN interfaces with the

Department's WAN providing service and communications links to 40 + field sites, other government agencies and public/private business partners.

The business line also provides Internet connectivity for a majority of DOE HQ customers. It includes services such as:

- Installations, moves, and changes of Network connection and infrastructure components
- Installation and management of the Network circuits connecting the DOE "campus" facilities
- Domain Name Service (DNS) management and maintenance
- Technical personnel to install, manage, and maintain the network infrastructure
- Hardware and software maintenance for all network infrastructure components

Defining Success

Network services are a critical element in the ability of all DOE organizations to successfully carry out their missions. The Headquarters network services organization success is measured by our ability to define and provide user service requirements in a time frame that meets their needs and to maintain a reliable service to meet those needs. Network performance statistics provide the key measure of the success of the networking services group. The implementation of Concord NetHealth will enable us to provide daily weekly and monthly network performance reports, including availability, reachability and latency.

Monthly Performance Metrics for 2004 by Business Line:

DOEHQ Headquarters Backbone Network Availability:

Month	Headquarters Backbone Availability
Oct	99.96%
Nov	99.96%
Dec	99.99%
Jan	99.99%
Feb	99.98%
Mar	99.99%
Apr	99.90%
May	99.90%
Jun	99.97%
Jul	99.98%
Aug	99.93%
Sep	99.99%
Overall Availability	99.96%

Availability is a measure of the reachability (i.e. connectivity) of all headquarters router and switch devices over time. Each device carries a weighted factor based of number of end users supported relative to total users at Headquarters. We continue to refine our measurement capability and will, over time be able to provide more granular and customer specific data. Availability does not attempt to measure or consider anything other than network infrastructure devices (i.e. server and/or application availability are not in the calculation). HQ Network

Performance Reports (Daily, Weekly, and Monthly) are posted on the CIO-Ops Web Site at: http://cio-ops.doe.gov/standup/stu_reports.cfm

Internet Service Availability:

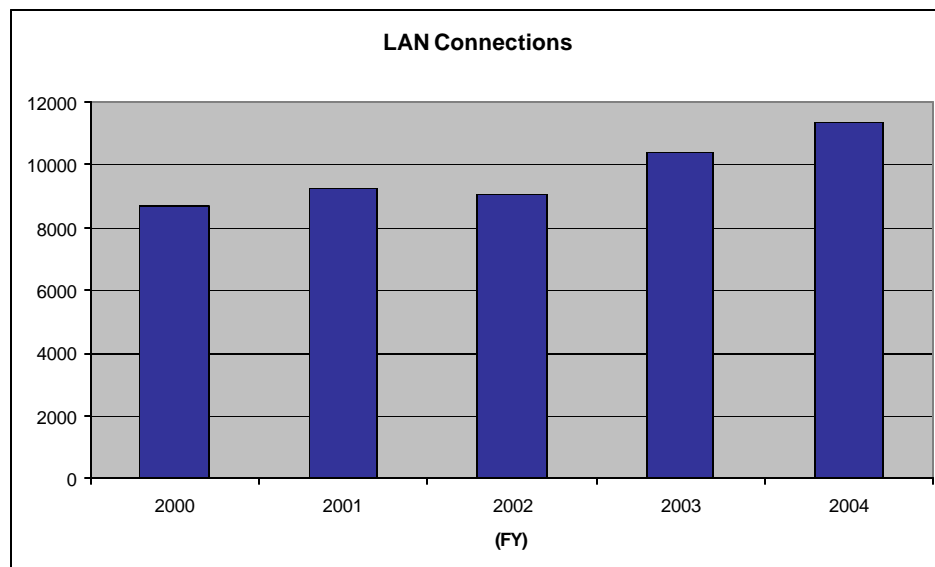
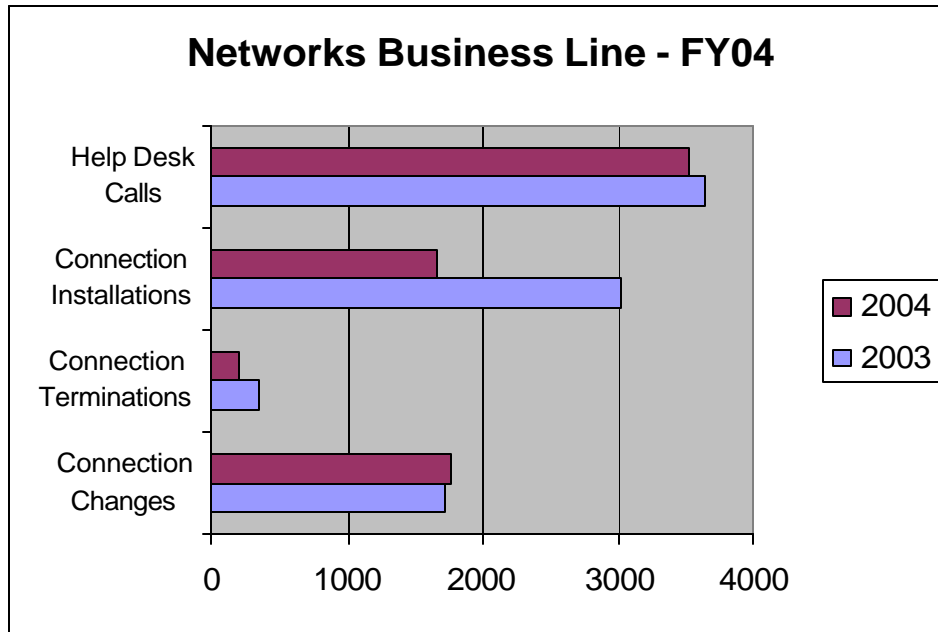
Month	Availability
Oct	100%
Nov	100%
Dec	100%
Jan	100%
Feb	99.99%
Mar	99.99%
Apr	100%
May	100%
Jun	99.92%
Jul	99.99%
Aug	99.99%
Sep	100%
Overall	99.99%

DOEnet Circuit Availability:

Month	Availability
Oct	99.97%
Nov	99.95%
Dec	99.97%
Jan	99.98%
Feb	99.96%
Mar	99.89%
Apr	99.89%
May	99.50%
Jun	99.73%
Jul	99.95%
Aug	99.90%
Sep	99.90%
Overall	99.88%

Customer satisfaction is measured by: personal contact with critical customers, help desk feedback on completed trouble tickets, and by direct feedback from users in the form of complaints. Customer satisfaction, measured by these methods, is judged to be very high.

During FY 2004, the Network business line staff responded to the following service calls:



Network connections have increased significantly over the past couple of years largely due to the implementation of various e-government initiatives within DOE. This has caused a significant number of new connections for file servers, web servers and other devices in support of e-government. The increase in help desk calls is a result of a continuing effort to capture all support activities in a help desk ticket, as well as the expansion of VPN support hours to 24 x 7. The number of VPN users has continued to grow over the past year.

Financial Performance Overview

The **Network** business line earned \$0.3 million net operating profit. This is due to cost reductions related to DOEnet and a prior year adjustment.

Business Line Trends

This business line provides network connectivity service supporting approximately 8,000 users with more than 11,000 network connections. It has upgraded and modernized the network infrastructure to respond to growing customer requirements. The growth of technology, particularly IP-based services (including voice and video), will continue for the foreseeable future. This growth will demand that the network services provided to our customers become more sophisticated, robust and flexible. The Networking Services group is prepared to meet that challenge with adequate network infrastructure cost recovery rates.

Business Line Plans

The Network business line is growing primarily due to new services offered to existing users. New services include desktop IP video conferencing that will be done over the network, i.e., the LAN; DHCP; improved Internet connectivity; and upgrading existing hardware to permit faster throughput for network users. We are in the process of developing with the Telephone business line a coordinated 5 year plan for the convergence of data, voice and possibly video networks.

The business will continue to evaluate the cost of DOEnet and other services and when warranted reduce costs of service or increase the level of service to meet changes in customer needs and to implement appropriate new technology.

Business Line Officials

Anthony Russo, Business Line Owner
Richard Otis, Technical Monitor

301-903-4426
301-903-5310



Financial Summary

Procurement Management Business Line

FY 2004 Annual Report

FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Earnings FY 2004 <i>(millions)</i>	Net Earnings FY 1997-2004 <i>(millions)</i>
\$1.0	\$0.8	\$0.2	\$0.6

FY 2004 Achievements

- Reduced the number of over-aged instruments by 33%, 23% over target.
- Returned \$6.8 million of deobligated balances to the Department.
- Purchase card surveillance initiated operations with a headquarters pilot using new software from ACL for data mining and MS Outlook for audit of exception resolution.

Background

The closeout process assures that all terms and conditions of the instrument have been fulfilled, all financial information has been submitted and evaluated, final payment has been made, any remaining funds have been deobligated, and the instrument is administratively retired from the Procurement Automated Data System (PADS). The retired instrument is boxed and stored locally or shipped to a federal storage facility. Instrument types include purchase and delivery orders, firm fixed price contracts, interagency agreements, financial assistance instruments, and cost reimbursement contracts.

Defining Success

Retiring targeted instruments and returning unutilized funding balances to the Department.

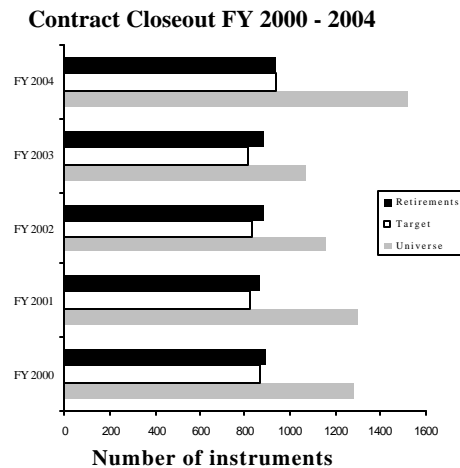
Contract Closeout Business Balanced Scorecard Objectives

		<i>Customer</i>	
		Provide competent and accurate closeout of targeted instruments.	
<i>Financial</i>			<i>Internal Processes</i>
Improve the availability of funding to programs.			Improve contract closeout to accommodate changing contract types.
		<i>Learning and Growth</i>	
		Improve knowledge, skills, and abilities of staff and improve business systems that support the business line.	

Business Line Projections

customer/supplier cooperation.

The inventory of Headquarters contracts, financial assistance instruments, and interagency agreements awaiting closeout has experienced a steadily decreasing trend during the five years that this activity has been a Working Capital Fund business. The inventory has decreased by 66% from 2,927 instruments in FY 1996 to 1,069 instruments by the end of FY 2004. With this reduction in the backlog of aged instruments, the contract closeout business line is operating with a manageable inventory, as a result of



Noteworthy is the business line's success in retiring overage instruments. For FY 2004, the contract closeout business line achieved a 33% reduction in its universe of overage instruments. Overage is defined in the acquisition regulations. At the beginning of FY 2004, the overage universe stood at 203 instruments (contracts, grants, cooperative agreements, interagency agreements, and purchase and delivery orders). The number of overage instruments as of September 30, 2004 totaled 130, a net reduction of 73 overage instruments since October 1, 2003.

FY 2004 was the first year that the universe of instruments increased. This is due to the change in contracting towards fixed price and task order instruments that are more numerous, but less expensive to close out. The impact of this change is not expected to increase costs to customers.

In FY 2004, the business line activity resulted in a total of \$6.8 million of contract deobligations. This returns spending authority to mission programs to apply to high priority needs. As shown in the following chart, there was \$9 in deobligations for each \$1 charged to customers.

Contract Closeout Return on Investment

Dollars Deobligated/Dollars Expended

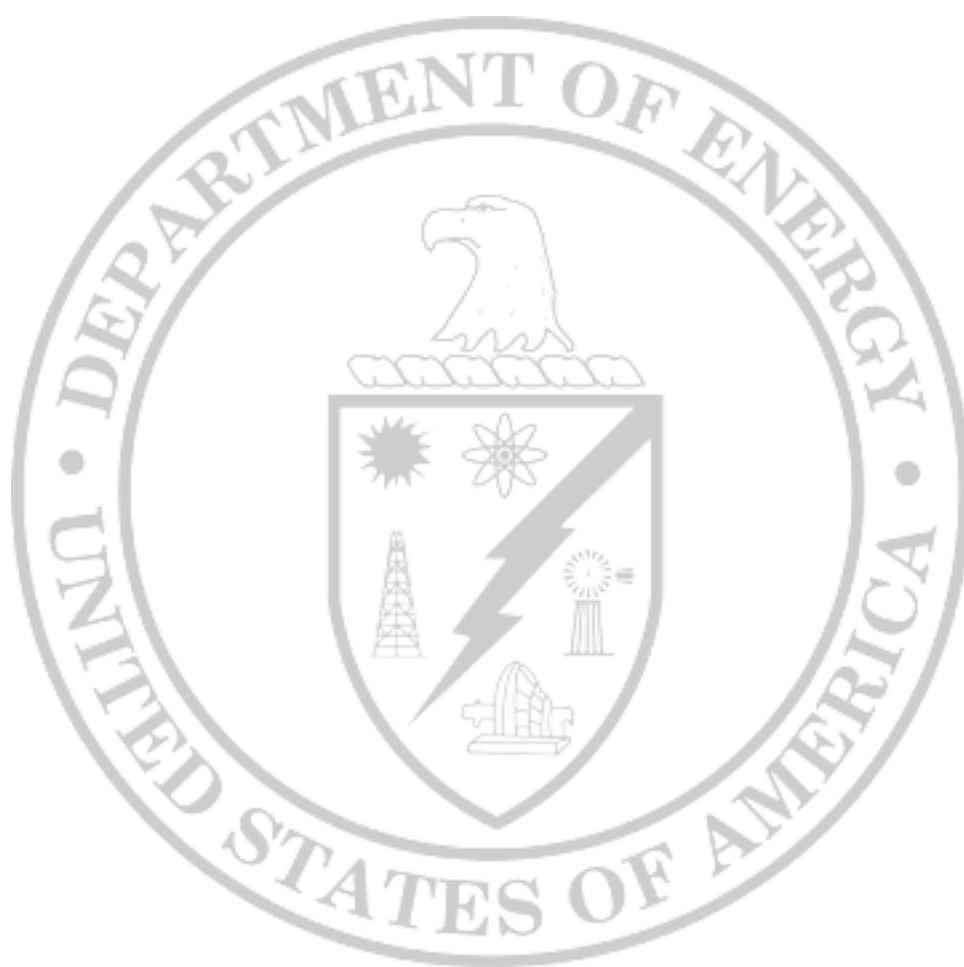


Financial Overview

This business line earned \$0.2 million net operating profit. These profits are consistent with past years and result from productivity improvements. Because the business did not use the Navy system for auditing purposes the fund manager deferred \$250,000 in billings for purchase card surveillance.

Business Line Official

Jeffrey Rubenstein Jeffrey.Rubenstein@hq.doe.gov (202) 287-1516 Business Line Manager





Payroll Business Line FY 2004 Annual Report

Financial Summary

FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Loss FY 2004 <i>(millions)</i>	Net Earnings FY 1997-2004 <i>(millions)</i>
\$2.1	\$2.2	-\$0.1	\$1.3

FY 2004 Achievements

- As a part of the *e-Government* initiative, the Department of Energy (DOE) is the first agency to successfully migrate its payroll functions to a designated payroll service provider on September 7, 2003. This effort included implementing the Automated Time Attendance and Production System (ATAAPS). Although the conversion was completed in FY03, several enhancements were made in FY04 to the systems and processes:
 - Automated the processing of retroactive timecards.
 - Implemented 3 upgrades to ATAAPS which improved the effectiveness and efficiency of payroll operations.
 - Implemented an electronic system for tracking and responding to customer inquiries.
 - Reduced the contractor support staff from 7 employees to 3 which saves the department approximately \$180,000 annually.
- Developed an interface to the Standard Accounting and Reporting System (STARS) that was scheduled to replace DISCAS on 10/1/2004 and is now scheduled for 4/1/2005.
- Participated in the successful bid under the A-76 study for Financial Services, resulting in reorganization from the Capital Accounting Center to the Energy Finance and Accounting Service Center (EFASC).
- Sustained 100 % on time delivery of employee paychecks.
- 99 % of paychecks delivered through electronic funds transfer.

Background

The Payroll Business Line was added to the Fund in FY 1998 to finance the preparation of the biweekly payroll for approximately 12,000 Department of Energy civilian employees.

Shortly thereafter, the Payroll Business Line completed a business case study that proposed the outsourcing the payroll functions to the General Services Administration (GSA). GSA informed DOE

that the costs to fix the gaps would be approximately \$5 million, which resulted in the termination of agreement between GSA and DOE in May 2002.

In June 2002, the Chief Financial Officer recommended and the WCF Board agreed that the Department should pursue the outsourcing of the payroll functions to the Defense Finance and Accounting Service. After completing an internal cost analysis and with the concurrence of the Working Capital Fund Board, the Payroll Business Line partnered with DFAS and aggressively developed plans to implement the DFAS Time and Attendance Production System (ATAAPS) and transfer the payroll functions to DFAS. In fiscal year 2003, the DFAS and DOE Payroll Transition Team assertively and under a very demanding schedule performed:

- systems and software analyses,
- completed software changes to fix major gaps,
- tested the software revisions and enhancements,
- developed and implemented a communication plan,
- created a payroll website to keep the DOE community informed,
- developed training guides,
- provided classroom training to timekeepers and certifying officers,
- created a customer service team to act as liaison between DOE employees and DFAS, and
- performed other activities pertinent to all stakeholders.

While the payroll functions were transferred to DFAS, the Payroll Business Line will continue to be engaged in:

- sustaining and enhancing the IT infrastructure that supports time and attendance data collection,
- performing the payroll customer service functions,
- operating and enhancing DOEInfo and the Labor Distribution System,
- performing the payroll accounting, and
- working with DFAS to resolve open issues and enhance systems and process.

Business Line Trends

With regard to the timeliness of the payroll process, the Payroll Business Line successfully performed at a 100% performance level as in the previous five years. As noted above, the most noteworthy accomplishment in fiscal year 2004 was the successful enhancement of the payroll functions with DFAS. This achievement presents opportunities to the Department to realize immediate and long term benefits by improving service and reducing payroll staff.

The steady-state cost has leveled off to an annual operational cost level of approximately \$1.6 to \$1.8 million. At this steady-state operational level and since it is lower than the budget requests, the WCF Board should reevaluate the pricing policy for fiscal year 2005 and beyond.

Defining Success

Delivering accurate employee paychecks on time is considered one of the most essential services offered for the Department, and the business line seeks to achieve this success at the lowest possible cost. The Balanced Scorecard objectives in the Payroll 5-year business plan are as follows:

Payroll Business Balanced Scorecard Objectives

	<i>Customer</i>	
	Ensure that all employees are paid accurately and in a timely manner, and that supervisors and managers receive value-added reports	
<i>Financial</i>		<i>Internal Processes</i>
Develop and execute plans to control operational costs within the limits of the WCF resources		Evaluate and/or reengineer policies, procedures, and business practices to increase operational effectiveness and meet the interest of all stakeholders.
	<i>Learning and Growth</i>	
	Develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors, so that they become integral partners in the payroll modernization process.	

FY 2004 Financial Overview

This business line earned \$0.1 million less than expenses. The fund manager deferred billing for FSA charges last year due to charges being presented late in the execution year and the ability of the business to absorb the cost.

Business Line Official

Business Line Manager

Jerry Odegard, Finance Division, Office of Finance and Oversight

jerry.odegard@hq.doe.gov

301-903-4934



Financial Summary

CHRIS Business Line

FY 2004 Annual Report

FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Earnings FY 2003 <i>(millions)</i>	Net Earnings FY 2002-04 <i>(millions)</i>
\$2.2	\$1.9	\$0.3	\$0.4

FY 2004 Achievements

- Achieved Security Certification and Accreditation certification for CHRIS – first corporate system to do so. Became the model for other such assessments.
- Completed 77% of all recruitment actions nation-wide by automated system support.
- Continued to work on the interface with I-MANAGE STARS and identified required modifications to CHRIS Training Administration for the obligation of training funds.
- Completed the design, testing and implementation of FEHB Open Season selections in ESS and implemented free use of OPM’s Hub to notify carriers electronically. This eliminated the need to mail paper copies and resulted in expedited open season enrollments so that so that many employees received their new membership cards two months faster than in previous years.
- Worked closely with the NNSA Service Center in their transition from POWER to CHRIS Training Administration and to implement Training Workflow.
- Worked closely with the RL Operations Office in their transition to CHRIS Training Administration and Workflow.
- Implemented single sign-on to CHRIS through ESS to make it easier for employees using workflow to log in through a familiar portal.
- Completed two rounds of pay increases, one of which was retro pay for all employees. Again, DOE was one of the first to complete this major adjustment.
- Developed and implemented the notification and tracking system for GC Standards of Conduct (filings of the 450s and 278s) for use by General Counsel in HQ and the field sites.
- Redesigned the ESS IDP functions and pages to make the process more user friendly.
- Added the ability to include attachments to a workflow request which eliminated the need to send paper separately for some actions. This eliminates a barrier to implementation cited by organizations.
- Created the LES summary for employees to access in ESS in response to employee complaints that the DFAS LES does not contain all the information previously found on the DOE ELBS.
- Implemented a survey in ESS for employees to provide instant feedback after using ESS if they choose to do so.
- Ran the first download from OLC training records into CHRIS followed by a monthly update.
- Implemented a PeopleTools upgrade which strengthened security.

Background

The Corporate Human Resource Information System (CHRIS) is a nation-wide operational system within the Department of Energy that serves as the official system of record for human resource management information for all DOE employees. CHRIS has been operational since September 1998 and continues to evolve as the corporate solution for many strategic and operational human capital management issues. The CHRIS project supports the Administration's strategic human capital management initiative and expands e-government within DOE. The CHRIS enterprise solution combines the highly skilled professionals of the Department with electronic workflow and other best practices in work processes with a web-based IT architecture and suite of software applications based on a world class commercial off-the-shelf (COTS) product (PeopleSoft 8).

The CHRIS project has expanded over the years to include an integrated modernization approach to meet human resource, training administration and information processing requirements; Employee Self-Service capabilities; an automated on-line vacancy application system (DOE Jobs Online), critical core competency certification processes, SF-52 tracking and on-line paperless transaction requests with electronic signatures (workflow).

The CHRIS system is a mixed life-cycle system. Each year, DOE extends the functionality of the system so the project core is in operations and maintenance mode while the new functionality is going through the development part of the project life-cycle. System activities under the CHRIS umbrella include interface with the payroll system at DFAS; development and implementation of PeopleSoft COTS to support personnel and training processing and information; provision of Employee Self-Service (ESS) which provides web-based access at the employee desktop to personnel and payroll information and the capability to update certain personal information; and interfaces with DOEInfo, the Department's data repository for human resource and payroll information and DISCAS, the current financial management system. Future interfaces to I-MANAGE STARS, e-Travel, and Procurement Modernization are planned. DOE Jobs Online, the automated recruitment system, uses QuickHire to provide for the electronic processing and assessment of applications and resumes. This application is interfaced with OPM's Recruitment One Stop system as part of the e-government initiatives.

The CHRIS Project Staff members served this year on the HR Line of Business Task Force for which OPM is the implementing partner under the aegis of OMB. In this way we are able to keep up with and influence the direction that the Line of Business moves toward. The work of the task force was completed in September with its recommendations for the development of shared service centers. The Target Architecture subgroup of the task force completed analysis of all personnel processes – a CHRIS Project Team staff member was assigned to that group and DOE employees are participating in the subsequent Validation and Verification Workshops that OPM is conducting to review the process definition work. This work will result in the establishment of the JHRMIP certification for HR system vendors. OPM is forming a MultiAgency Executive Steering Committee to move the project forward and DOE will serve on the committee.

Business Planning:

There is a government-wide review of HR systems and services to consolidate those services in a small number of service providers, similar to the effort in federal pay services. DOE has proposed in its current Exhibit 300 that funds be allocated for planning the transition to a shared service center in FY 08 and for transition in FY 09. As of this time, no centers have been selected. OMB is more concerned with agencies who have not yet modernized their HR systems. Since the DOE system is relatively robust, DOE will not be pushed to make a decision in the short run by OMB.

Defining Success

The goals of the CHRIS System are to provide the highest quality human resource management information and services to the Department of Energy's managers, employees and human resource/training professionals and to operate the official HRM system of record in a cost-efficient manner.

To achieve these goals, the Department's primary objectives for CHRIS are to:

- provide superior customer service through strong teamwork, effective problem solving and timely responses
- protect the integrity and security of the HRM data
- enhance operational efficiencies
- reduce paperwork
- eliminate redundant information systems
- eliminate non-value added work, and,
- provide information necessary to make sound human resource decisions.

Specific Performance Metrics for FY 2004:

- Employee Self Service system is used for 75% or more of all HRM transactions.

STATUS: Since employees are now required to obtain the LES through ESS, use of other capabilities in the system has increased significantly. DFAS does not report on the usage of individual functions carried out in their system so we are unable at this point to provide specific numbers on all items. We are working through the Payroll staff to obtain these figures on a quarterly basis.

DOE Jobs Online, the automated recruitment system based on QuickHire, is used for at least 85% of all actions.

STATUS: This metric was 77% nation-wide. While many sites exceeded the target, there was a slight drop in the usage from the previous year which may be attributed the increase in the number of internally advertised positions.

- At least 95% of all offices have access to electronic workflow functionality.

STATUS: This metric was exceeded at the 100% level. All DOE Offices now have access to the workflow functionality. Some offices have not yet started to use the new functionality since they just completed or are in the middle of major reorganizations. They did not want to start using the functions on an interim basis in order to minimize rework. Other cultural change factors also delayed the pace of adoption of the new functionality. However, new offices on line include the NNSA Service Center, Richland Operations Office, Office of the CIO.

Financial Overview

This business line earned \$0.2 million net operating profit. The business deferred some equipment spending to FY 2005.

Business Line Officials

CHRIS Project Manager
HRMS and Benefits Team Leader

Michael B. Fraser	202-586-1910
Enid Levine	202-586-1194



Corporate Training Services Business Line FY 2004 Annual Report

Financial Summary

FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Earnings FY 2004 <i>(millions)</i>	Net Earnings FY 2002-4 <i>(millions)</i>
\$0.5	\$0.5	\$0.0	\$0.2

FY 2004 Achievements

Online Learning Center

- Completed major milestones that support the migration of the DOE Energy Online Learning Center to GoLearn in support of the President's Management Agenda.
- Project Management Career Development Program uses the Teaming Center function, to provide a blended-learning environment for DOE Employees.
- During FY04 11,917 courses were completed by 8,300 employees, with 3,503 employees subscribing to the system.
- Developed an external reporting system to better facilitate reporting capabilities of the OLC.
- Developed and deployed;
 - 2003 Annul Ethics Training (11/03)
 - 2004 Annul Ethics Training (9/04)
 - 2003 Security Refresher Briefing (1/04)
 - 2004 Security Refresher Briefing (11/04)
 - 6 streaming video courses on building evacuation and safety (3/04)
 - WAPA Ethics Training (4/04)
 - Aviation Safety Training (5/04)
 - CIO Computer Usage Training (11/04)
- Procured and deployed Primedia Technical Training courses for the DOE Engineering and Scientific community.
- Completed the integration of the Energy OLC into the Corporate Human Resources Information System, the designated Departmental System of HR Records.

Training Delivery Services

- Successfully awarded and executed the Professional Skills and Technical Training 5-year contract.
- Successfully met with stakeholders and Colleague Consulting Inc, to introduce contract products and services for executing.
- The Professional Skills contract source successfully developed a course on “Technical Monitoring” for EIA Organization.
- Successfully provided contract support to OECM in support of PMCDP.
- Successfully conducted over 50 courses since the award of the Professional Skills contract.

Background

Online Learning Center

The vision of the Energy Online Learning Center (OLC) is to provide the entire DOE Community with needs based, technology enriched, learning development and knowledge management opportunities through implementation of efficient and effective blended e-learning strategies and solutions. The Energy OLC has been structured to meet DOE needs with a customized access process and DOE specific content and information.

The Energy OLC is a commercial off-the-shelf (COTS), web-based training system resides on a server located at the vendor's (Meridian KSI, Inc.) location. The OLC provides employees Department-wide with 24x7 access to online learning, knowledge, and career management opportunities. The OLC was deployed in Headquarters at the end of FY2000 and subsequently deployed to field office at the end of January 2001. The OLC pilot was completed in FY2001. Operating the OLC as a Working Capital Fund business line became effective at the beginning of FY02. Subsequently, the program was fully implemented in FY2002. The objective of the OLC program is to provide the capability for all DOE Federal Employees to have access to web-based training via the desktop. The OLC provides access to over 2200 self-paced business, management, leadership, and information technology courses to all DOE employees. Organizations support the Energy OLC through purchasing access to COTS courses and paying a prorated amount for user access fees and maintenance support. There are also DOE-specific courses that have been made available to employees. Additional mission related DOE courses and content will be posted on the Energy OLC in the future.

In addition to online learning, the OLC offers other functions to include an administration building, teaming center, career center, community center, conference center, lecture hall and a library. The administration building allows the user to have access to their transcript information that includes a list of the courses accessed, courses completed, credit hours earned and test scores. There is also a reporting capability, sorted by organization, of employee training related data and information. Other functions of the Energy OLC offer knowledge management capabilities such as posting and sharing technical papers, presentations, videos, DOE standards and guidelines, reference materials and information and other

learning materials.

Training Delivery Services

The Professional Skills and Technical Training Program is responsible for the design, development, and delivery of competency-based courses to meet critical skill development needs in Project Management, Program Management, and Acquisition and Assistance Management. Program offerings include modular course design, and customized, just-in-time training, for on-site and centralized delivery. The Professional Skills and Technical Training Program is supported by a performance-based, requirements contract for training delivery and ancillary services; available at a "best value" competitively set fixed price.

In addition to our course offerings, the Professional Skills and Technical Training Program can provide a variety of ancillary support services to DOE organizations. These services include training needs assessments, competency development, training and development business plans, and evaluation activities.

The Program currently lists over ninety-five courses in five basic curricula: Acquisition Management; Program Management; Project Management; Technical; and Interdisciplinary Skills. They are presented from a complex-wide perspective to support standardized implementation of policies and procedures in meeting DOE's performance objectives. However, specific course material can be adapted or tailored to meet individual site, program, or project objectives for each organization. For a complete list of Professional Skills and Technical training course descriptions, please visit our website at **<http://ma.mbe.doe.gov/ME50/Training/index.htm>**.

Our purpose under this Professional Skills Training Program contract is: to improve DOE's professional performance through development and delivery of the most cost-effective, requirements-driven training program. The requirements nature of the contract applies to those training curricula, topics, and courses where the Department seeks to ensure consistency of certification, content, and cost.

Defining Success

Online Learning Center

The OLC supports DOE mission related programs by delivering training to the Desktop for real-time skills enhancement and formal training at low cost and with little disruption to the employee's workplace. We use the following FY 2004 metrics to measure our performance (including mandatory DOE classes):

- Number of active users – 9,660
- Number of logins – 34,768

- Number of course accessions – 40,520
- Number of course completions – 12,303

Training Delivery Services

Professional Skills Training Program has been specifically developed to ensure a standardized presentation of DOE policies and procedures and represent current Departmental objectives. We use the following FY 2004 metrics to measure our performance:

- Number of participants – 617
- Number of course completed – 50

Corporate Training Services Business Balanced Scorecard Objectives

	<i>Customer</i>	
	Provide high quality, standardized, cost-effective learning opportunities on a much more timely basis.	
<i>Financial</i>		<i>Internal Processes</i>
Provide a low cost training alternative to program offices.		Review options for delivering training to the DOE.
	<i>Learning and Growth</i>	
	Ensure that learning and growth occurs continuously.	

Financial Overview

The **Corporate Training Services** business line broke even in FY 2004.

Business Line Officials

WCF Program Manager Tanya Luckett	202-586-9553
OLC Program Manager Al Corbett	202-586-9566
OLC Business Manager Becky Arndt	202-586-9546
Professional Skills Program Manager Cheri Dent	202-586-9556



Project Management Career Development Program

FY 2004 Annual Report

Financial Summary

FY 2004 Earnings <i>(millions)</i>	FY 2004 Expenses <i>(millions)</i>	Net Earnings FY 2004 <i>(millions)</i>	Net Earnings FY 1997-2004 <i>(millions)</i>
\$2.5	\$1.3	\$1.2	\$1.2

FY 2004 Achievements

- Completed certification of 36 Federal Project Directors who were certified by DOE/NNSA (43 were certified by October 7, 2004). Additional 54 Information Technology Federal Project Directors were certified by Office of the Chief Information Officer by the end of FY2004.
- Conducted seven Certification Review Board meetings.
- Provided certification support services to the Certification Review Board.
- Provided certification support services to program and staff offices.
- Conducted 44 PMCDP course sessions attended by approximately 617 participants.
- Completed three prototype deliveries of course sessions.
- Executed design enhancements of PMCDP ESS system, which will implement an electronic corporate database of critical core competencies of DOE/NNSA federal project directors.
- Completed a nationwide needs assessment of program customers across the DOE/NNSA complex.
- Initiated customer surveys of participants in targeted courses.
- Provided response to high volume customer inquiries and requests.
- Continued complex-wide briefings of PMCDP to site and program offices across the DOE/NNSA complex, which began September 2002. In FY 2004, PMCDP conducted 9 implementation briefings across the DOE/NNSA complex. (PMCDP conducted a total 12 implementation briefings in FY 2003 and four in September 2002. A total of 25 implementation briefings were conducted between September 2002 and September 2004.)

Background

In 1998, DOE defined its acquisition workforce to include contract specialists/contracting officers, purchasing agents, financial assistance specialists, property managers, and project directors under DOE's umbrella directive DOE O 361.1, Acquisition Career Development Program, dated 11-10-99, establishing training and certification requirements for the acquisition workforce. On January 17, 2001, the Deputy Secretary of Energy directed the DOE Office of Engineering and Construction Management (OECM) to establish the DOE PMCDP. This program has defined necessary DOE project management knowledge, skills, and abilities; DOE project management training requirements; a DOE

career development tracking system; and a DOE project management certification program. The Deputy Secretary directed OECM to develop a PMCDP module to be included in DOE O 361.1, as a component of the DOE acquisition workforce program. The PMCDP Module establishes a well-defined career path for project directors that includes certification, minimum training and continuing education requirements, and project responsibilities that are commensurate with clearly defined qualifications.

The Project Management Career Development Program (PMCDP) encompasses a wide range of developmental, mentoring, training, and rotational activities which lead to certification, based upon competencies commensurate with a specific performance level that is tied to the Total Project Cost (TPC) managed. This program is also designed to satisfy other requirements, such as Information Technology Project Management and Acquisition Development Program certifications, which are based on different thresholds and regulatory requirements.

The PMCDP currently offers 28 training courses, six developmental activities, and experiential components of varying complexity based on certification level. Additionally, PMCDP offers other functions such as,

- courseware research and development,
- courseware prototype and delivery,
- curriculum management,
- project management research and development,
- certification management,
- evaluation,
- market research and marketing,
- knowledge management (including capabilities such as DOE standards and guidelines, technical papers, presentations, workshops, seminars, videos, and web-based applications, etc.), and
- continuing education.

Defining Success

The Department recognizes the criticality of successful projects, and project management has become a focal point of improvement efforts. Project management centers of excellence (e.g., project management offices), training programs, and organization change programs to improve project management practices are increasingly common parts of Departmental strategic plans to improve organizational effectiveness. In 1998, DOE defined its acquisition workforce to include contract specialists/contracting officers, purchasing agents, financial assistance specialists, property managers, and project directors under DOE's umbrella directive DOE O 361.1, *Acquisition Career Development Program*, dated 11-10-99, establishing training and certification requirements for the acquisition workforce.

Financial Overview

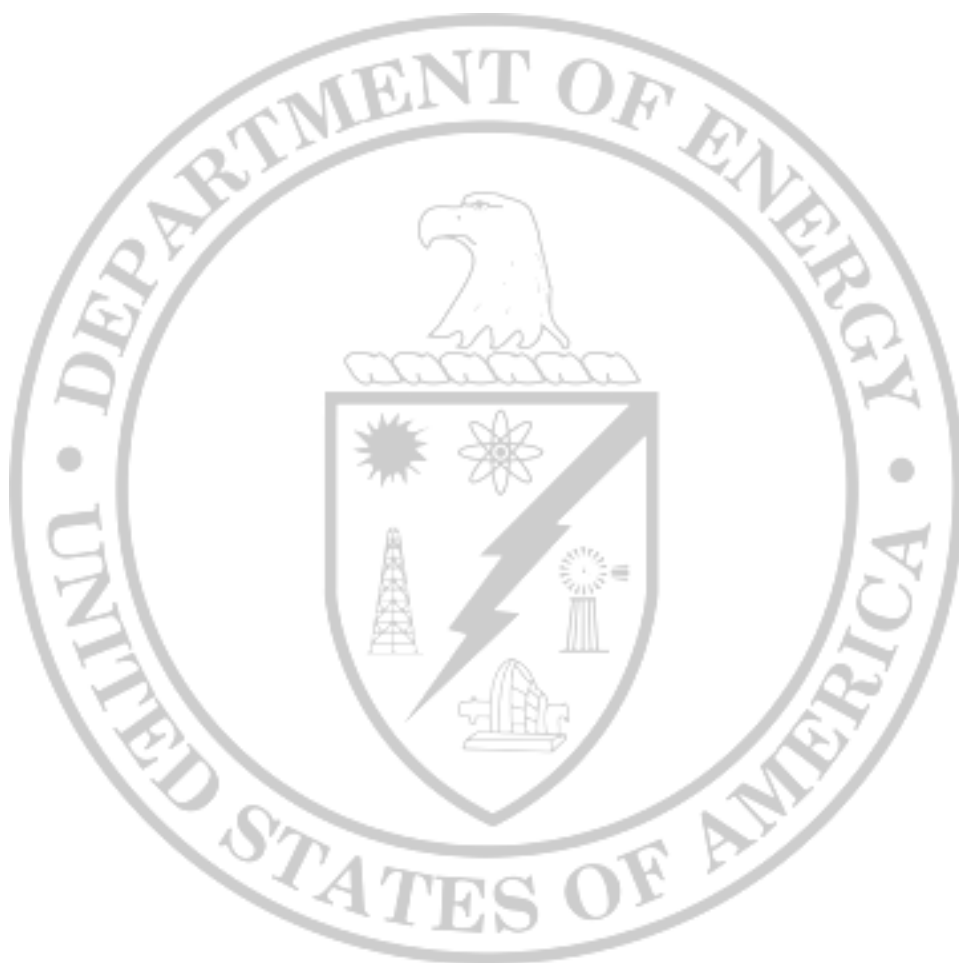
This business line earned \$1.2 million net operating profit that result from the effects of the continuing resolution and delays in setting criteria for the various levels of certification for project managers.

Business Line Officials

Fund Manager: Walter Howes (202) 586-8254

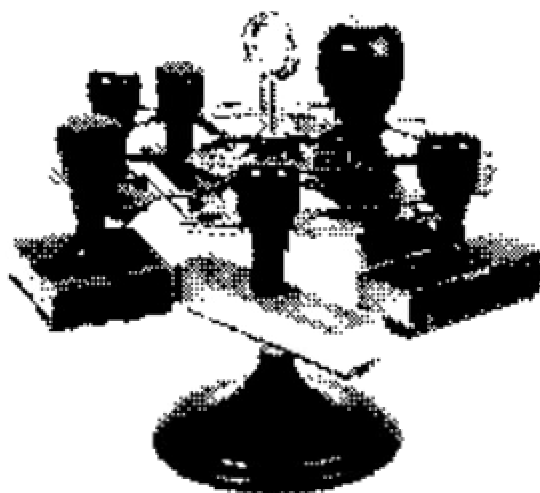
Business Line Manager: Wanda Chambers (202) 586-8114

For more information, customers are invited to visit the Project Management Career Development home page at <http://oecm.energy.gov/Default.aspx?tabid=258>



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WORKING CAPITAL FUND

FY 2004 Annual Report

Appendix 1: Eight Years of Net Earnings

DEPARTMENT OF ENERGY WORKING CAPITAL FUND FY 1997 - FY 2004										
	Cumulative	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000	FY 1999	FY 1998	FY 1997	
Revenues (\$million)										
Supply	\$	13.1	\$ -	\$ -	\$ -	\$ 2.0	\$ 2.8	\$ 3.0	\$ 2.8	\$ 2.6
PAPERCLIPS		10.0	2.8	2.4	3.3	1.5	0.0	0.0	0.0	0.0
Mail		16.2	2.4	2.6	2.0	0.7	1.6	2.7	1.9	2.2
Copy		19.1	2.2	2.4	2.0	1.8	2.7	3.1	2.7	2.2
Print		27.3	3.1	2.8	3.2	3.1	3.5	4.4	3.3	3.9
Bldg		461.6	62.9	58.9	56.7	56.4	57.4	57.4	55.5	56.4
Phone		54.9	8.2	6.5	6.8	6.8	7.0	6.3	6.6	6.8
Desk		11.2	0.9	1.1	1.2	1.2	1.4	1.6	1.5	2.3
Netwk		37.0	5.9	6.2	6.2	6.2	3.2	3.1	3.1	3.1
Audit		9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.1
Proc Services		5.2	1.0	0.8	0.7	0.7	0.5	0.6	0.4	0.4
Payroll		16.0	2.1	1.4	3.1	3.1	2.2	2.1	1.9	0.0
CHRIS		6.6	2.2	2.2	2.2	0.0	0.0	0.0	0.0	0.0
Corp Training		1.1	0.5	0.3	0.3	0.0	0.0	0.0	0.0	0.0
PMCDP		2.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EIS		0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Subtotal	\$	691.0	\$ 96.7	\$ 87.6	\$ 87.7	\$ 83.5	\$ 82.5	\$ 84.3	\$ 79.8	\$ 89.0
Costs (\$million)										
Supply	\$	14.1	\$ -	\$ -	\$ -	\$ 2.4	\$ 3.2	\$ 2.4	\$ 2.8	\$ 3.4
PAPERCLIPS		10.0	2.8	2.4	3.3	1.5	0.0	0.0	0.0	0.0
Mail		15.9	2.2	2.1	2.4	0.8	2.0	2.7	1.8	1.9
Copy		19.3	2.4	2.6	3.1	1.4	2.6	2.8	2.3	2.1
Print		26.6	2.9	2.8	3.2	2.6	3.5	4.4	2.8	4.4
Bldg		454.5	64.2	59.0	55.1	51.7	57.6	56.0	54.0	56.8
Phone		62.7	7.6	6.2	14.3	6.6	7.0	7.2	7.1	6.6
Desk		11.7	1.0	1.1	1.2	1.3	1.5	2.6	0.6	2.4
Netwk		35.7	5.6	5.6	6.1	7.0	3.2	2.5	2.9	2.7
Audit		9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.1
Proc Services		4.5	0.8	0.6	0.7	0.6	0.5	0.6	0.3	0.4
Payroll		14.8	2.2	2.1	1.6	2.1	2.5	2.9	1.4	0.0
CHRIS		6.2	1.9	2.4	1.9	0.0	0.0	0.0	0.0	0.0
Corp Training		1.0	0.5	0.2	0.3	0.0	0.0	0.0	0.0	0.0
PMCDP		1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EIS		0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0
Subtotal	\$	687.5	\$ 95.4	\$ 87.1	\$ 93.2	\$ 78.0	\$ 83.8	\$ 84.2	\$ 76.1	\$ 89.7
Net Earnings (\$million)										
Supply	\$	(1.0)	\$ -	\$ -	\$ -	\$ (0.4)	\$ (0.4)	\$ 0.6	\$ (0.0)	\$ (0.8)
PAPERCLIPS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mail		0.3	0.2	0.5	-0.4	-0.1	-0.4	0.1	0.0	0.4
Copy		-0.2	-0.2	-0.2	-1.1	0.4	0.1	0.3	0.4	0.1
Print		0.6	0.1	-0.1	0.0	0.5	0.0	0.0	0.5	-0.5
Bldg		7.1	-1.4	-0.1	1.6	4.8	-0.2	1.3	1.5	-0.4
Phone		-7.8	0.6	0.3	-7.5	0.2	0.0	-0.9	-0.6	0.2
Desk		-0.4	-0.1	0.0	0.0	-0.1	0.0	-1.0	0.9	-0.1
Netwk		1.4	0.3	0.7	0.1	-0.8	0.0	0.5	0.2	0.4
Audit		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proc Services		0.7	0.2	0.2	0.0	0.1	0.0	0.0	0.2	0.0
Payroll		1.3	-0.1	-0.7	1.5	1.1	-0.3	-0.8	0.5	0.0
CHRIS		0.4	0.3	-0.2	0.3	0.0	0.0	0.0	0.0	0.0
Corp Training		0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
PMCDP		1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EIS		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	\$	3.8	1.3	\$ 0.6	\$ (5.5)	\$ 5.7	\$ (1.3)	\$ 0.1	\$ 3.6	\$ (0.7)

WORKING CAPITAL FUND

FY 2004 Annual Report

Appendix 2: Eight Years of Balances

Department of Energy Working Capital Fund Balance Sheet Comparative Statements (in thousands)								
Assets	FY04	FY03	FY02	FY01	FY00	FY99	FY98	FY97
Fund Balance with								
Treasury	\$54,774	\$50,179	\$48,197	\$37,455	\$30,168	\$26,551	\$25,827	\$22,086
Accounts Receivable, Net	2	0	11	561	-			1,321
and Prepayments	222	200	134	156	455	601	542	
Supplies Inventory	274	217	179	169	759	1,099	873	1,207
Property and Equipment, Net	694	1,066	1,680	11,603	12,534	12,489	14,155	12,135
Total Assets	<u>55,966</u>	<u>51,662</u>	<u>50,201</u>	<u>49,944</u>	<u>43,916</u>	<u>40,740</u>	<u>41,397</u>	<u>36,749</u>
Liabilities								
Accounts Payable	14,202	13,246	15,194	15,355	13,523	12,247	13,663	17,532
Unearned Advances from								
Customers Contract Holdbacks	16,195	15,223	12,324	6,261	7,450	4,118	3,416	2,701
	127	133	195	156	61	126	86	52
Total Liabilities	<u>30,524</u>	<u>28,602</u>	<u>27,713</u>	<u>21,772</u>	<u>21,034</u>	<u>16,491</u>	<u>17,165</u>	<u>20,285</u>
Net Position								
Total Invested Capital	19,613	18,545	18,545	18,545	18,545	18,545	18,545	17,350
Total Cum Results of Operations	5,829	4,515	3,943	9,627	4,337	5,704	5,687	-886
Total Net Position	<u>25,442</u>	<u>23,060</u>	<u>22,488</u>	<u>28,172</u>	<u>22,882</u>	<u>24,249</u>	<u>24,232</u>	<u>16,464</u>
Total Liabilities and Net Position	<u>\$55,966</u>	<u>\$51,662</u>	<u>\$50,201</u>	<u>\$49,944</u>	<u>\$43,916</u>	<u>\$40,740</u>	<u>\$41,397</u>	<u>\$36,749</u>

Appendix 3: Statement of Operations

UNAUDITED

U. S. Department of Energy
Statement of Operations
Comparative Statements

89X4563 Intragovernmental Funds: Working Capital Fund

	For the period ending September 30, 2004		For the year ending September 30, 2003	
Revenues and Financing Source BNR				
Revenues from Sales of Goods and Services				
<i>Payroll and Other Personnel Services</i>				
Revenue from Payroll Proc ZN3010150	\$2,099,999.55		\$1,363,000.00	
Revenue from CHRIS ZN3010600	<u>\$2,169,999.57</u>		<u>\$2,170,000.00</u>	
<i>Subtotal</i>		\$4,269,999.12		\$3,533,000.00
<i>Administrative Services</i>				
Sales of Supplies ZN3020410	2,774,102.55		2,421,460.04	
Sales of Mail Services ZN3020420	2,413,894.00		2,568,149.00	
Sales of Photocopying Ser ZN3020430	2,243,313.04		2,369,140.14	
Sales of Printing and Grap ZN3020440	3,060,224.00		2,767,930.00	
Sales of Building Services ZN3020450	<u>62,866,813.34</u>		<u>58,938,372.38</u>	
<i>Subtotal</i>		73,358,346.93		69,065,051.56
<i>Information Management Services</i>				
Sales of Telecommunicati ZN3030410	8,204,243.01		6,520,112.04	
Sales of Office Automation ZN3030420	944,608.75		1,133,883.05	
Sales of Networking Serv ZN3030430	<u>5,935,712.36</u>		<u>6,241,650.27</u>	
<i>Subtotal</i>		15,084,564.12		13,895,645.36
<i>Procurement Services</i>				
Sales of Contract Closeou ZN3040420	<u>1,034,920.00</u>		<u>818,560.00</u>	
<i>Subtotal</i>		1,034,920.00		818,560.00
<i>Personnel and Training Services</i>				
Revenue from Energy OnL ZN3050300	447,604.41		342,483.00	
Revenue from PMCDP ZN3050400	<u>2,497,500.00</u>		<u>0.00</u>	
<i>Subtotal</i>		2,945,104.41		342,483.00
Total Revenues from Sales of Goods and Services		<u>96,692,934.58</u>		<u>87,654,739.92</u>
TOTAL REVENUES AND FINANCING SOURCES		<u>\$96,692,934.58</u>		<u>\$87,654,739.92</u>
Expenses:				
Cost of Goods and Services Provided				
<i>Payroll and Other Personnel Services</i>				
Cost of Payroll Processing WF1050000	\$2,230,818.36		\$2,107,531.54	
Cost of CHRIS Operations WF1060000	<u>\$1,843,938.24</u>		<u>\$2,370,417.01</u>	
<i>Subtotal</i>		\$4,074,756.60		\$4,477,948.55
<i>Administrative Services</i>				
Cost of Supplies WF2041000	2,816,236.91		2,382,371.92	
Cost of Mail Services WF2042000	2,174,956.26		2,050,904.54	
Cost of Photocopying Ser WF2043000	2,405,320.14		2,616,387.70	
Cost of Printing and Graph WF2044000	2,921,267.10		2,832,965.94	
Cost of Building Services WF2045000	64,232,379.30		58,986,113.79	
Cost of Electronic Services WF2046000	<u>0.00</u>		<u>0.00</u>	
<i>Subtotal</i>		74,550,159.71		68,868,743.89
<i>Information Management Systems and Operations</i>				
Cost of Telecommunicati WF3041000	7,613,620.22		6,231,075.68	
Cost of Office Automation WF3042000	975,351.94		1,135,427.07	
Cost of Networking WF3043000	<u>5,590,891.20</u>		<u>5,574,785.51</u>	
<i>Subtotal</i>		14,179,863.36		12,941,288.26
<i>Procurement Services</i>				
Cost of Contract Audits WF4041000	6,619.65		0.00	
Cost of Contract Closeouts WF4042000	<u>831,349.93</u>		<u>596,257.59</u>	
<i>Subtotal</i>		837,969.58		596,257.59
<i>Personnel and Training Services</i>				
Cost of Energy OnLine Le WF5030000	452,507.90		186,734.14	
Cost of Project Mgmt Care WF5040000	<u>1,285,210.85</u>		<u>0.00</u>	
<i>Subtotal</i>		1,737,718.75		186,734.14
Total Cost of Goods and Services Provided		<u>95,380,468.00</u>		<u>87,070,972.43</u>
Indirect Operating Costs WF9040000	89,156.54	89,156.54	147,503.24	147,503.24
Other Program Revenues YN	-90,905.02	-90,905.02	0.00	0.00
TOTAL EXPENSES		<u>\$95,378,719.52</u>		<u>\$87,218,475.67</u>
EXCESS (SHORTAGE) of Revenues Over Expenses		\$1,314,215.06		\$436,264.25

Appendix 4: Balance Sheet

UNAUDITED

U. S. Department of Energy
 Balance Sheet
 Detailed Statement

89X4563 Intragovernmental Funds: Working Capital Fund

	<i>As of September 30, 2004</i>	<i>As of September 30, 2003</i>
ASSETS:		
Fund Balance with Treasury (BS	\$54,773,665.31	\$50,178,726.11
Accounts Receivable, Net (BSC	1,765.45	608.75
Accounts Receivable, Net (BSC	0.00	0.00
Advances and Prepayments (BS	222,043.00	199,802.00
Supplies Inventory (BSC 1691) (i	274,500.00	216,856.00
Property and Equipment, Net		
Original Purchase Price of Prop		
Purchase Price of Communic	19,856,579.03	19,856,579.03
Purchase Price of Heavy Mob	84,414.37	84,414.37
Purchase Price of Motor Vehi	61,223.14	61,223.14
Purchase Price of Office Furn	286,110.20	110,165.00
Purchase Price of Shop Equip	0.00	34,441.02
Purchase Price of Automatic I	862,089.65	862,089.65
Total Purchase Price	21,150,416.39	21,008,912.21
LESS: Accumulated Depreciat		
Accum. Dep. of Communicati	19,459,277.34	19,166,652.02
Accum. Dep. of Heavy Mobile	83,678.47	78,532.15
Accum. Dep. of Motor Vehicle	61,223.14	61,223.14
Accum. Dep. of Office Furnitu	204,366.96	98,499.62
Accum. Dep. of Shop Equipm	0.00	34,441.02
Accum. Dep. of Automatic Da	647,617.50	503,092.97
Total Accumulated Depreciation	20,456,163.41	19,942,440.92
	<u>694,252.98</u>	<u>1,066,471.29</u>
TOTAL ASSETS	<u>55,966,226.74</u>	<u>51,662,464.15</u>
LIABILITIES		
Accounts Payable (BSC 3212) (e	9,230,337.91	9,797,458.32
Accounts Payable (BSC 3211) (e	4,971,881.00	3,447,515.67
Accounts Payable (BSC 3141) (i	0.00	922.34
Advances from Other DOE Loca	16,194,745.72	15,223,191.19
Contract Holdbacks (BSC 3951)	127,298.17	133,109.58
Unearned Advances from Custor	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>\$30,524,262.80</u>	<u>\$28,602,197.10</u>
NET POSITION		
Invested Capital (BSC 8152) (init	19,612,652.23	18,545,170.40
Adjustments to Invested Capital	<u>0.00</u>	<u>0.00</u>
Total Invested Capital	19,612,652.23	18,545,170.40
Cumulative Results of Operation	5,829,311.71	4,515,096.65
Adjustments to Cumulative Resu	<u>0.00</u>	<u>0.00</u>
Total Cumulative Results of Operations	<u>5,829,311.71</u>	<u>4,515,096.65</u>
TOTAL NET POSITION	<u>\$25,441,963.94</u>	<u>\$23,060,267.05</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$55,966,226.74</u>	<u>\$51,662,464.15</u>